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# ***JPRS Report***

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## **Soviet Union**

### ***Economic Affairs***

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# Soviet Union

## Economic Affairs

JPRS-UEA-91-014

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26 March 1991

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Economist Calls for Release of True Economic Statistics

914A0459A Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, 1990  
pp 111-118

[Article by Sh. B. Sverdlik, doctor of economic sciences, under the rubric: "Our Ruble": "A Free Economist Against All the King's Men"]

[Text] It has become fashionable at forums of various levels to accuse science in general (and economic science, in particular) of all the mortal sins. Both the roofer and the manager of a kolkhoz-sovkhoz apparat know how to get the country out of economic crisis. But the scientists, who brought the country there, "are unable to suggest anything sensible": to fill the counters or to prevent the apparat from losing their comfortable offices and privileges. In fact, as a well-known economist put it, economic science owes a large debt to the country. Alas, this debt is not getting any smaller. Rather it is just the opposite.

It is true that scientists have found themselves in the debt hole not so much as a result of their own incompetence (although that also takes place) as because of the lack of information—the basic tool of production of any researcher. The quantity, quality, timeliness, and reliability of information accessible to Western economists is an order higher than the "starvation ration" of their Soviet colleagues. I dare say that if Marx had been constrained to dredge information out of the anemic and contradictory manuals of USSR Goskomstat [State Committee for Statistics], "Das Kapital" would never have appeared.

### The National Economic Balance in the System of National Accounts

A system of national accounts has been successfully used for a long time in developed and developing countries as the basic integrated information base for analyzing and forecasting economic development. After many years of stubbornly demonstrating the non-Marxist nature of this system, our highest economic organs have finally found a rational kernel in it. V. N. Kirichenko, the chairman of USSR Goskomstat, asserts that his department is ready to use the methodology of national accounts. To be sure, there is one "but"—"it remains to resolve the matter of changing primary bookkeeping to this methodology, and clear signals on practical progress in this direction have not yet appeared."

Waiting for the USSR Ministry of Finance, which is the patron of bookkeeping in our country, to take the hint, we are forced to restructure the economy to the market system with our eyes closed. The layers of economic

information which are decisive to the country's fate remain closed. And there is no confidence in published data.

In the West, where a firm's bookkeeping is a trade secret, they long ago mastered various methods to analyze systematically and efficiently the conditions of the economy on the basis of a system of national accounts.

But the national economic balance of the USSR is based not so much on information about enterprises and departments as on certain indirect data. In addition, it is not integrated with other balances (financial, monetary, and material). All this lowers its quality. From time to time the authors themselves are forced to refute themselves.

The American Sovietologist D. Steinberg is not waiting for the enterprises in the USSR to restructure their bookkeeping system after receiving the appropriate instructions from the Ministry of Finances. Using primarily official statistics and incomplete data cited in our periodicals as a basis and using the methodology of comparing the national economic balance and the system of national accounts (SNA), which even Soviet specialists are familiar with, he formulated our national economic balances for 1965-1988 in SNA.<sup>1</sup> And he was perplexed: why had the powerful apparat of our statistical department not done similar work yet? D. Steinberg obtained an abundance of material for analyzing trends of development of the USSR economy.

But what is the basic advantage of the system of national accounts? Any monetary transaction in it is recorded twice: in the accounts of both the payer and the recipient of money. It is impossible to embellish the indicators through repeated counting and to produce "depersonalized" indicators where the directions of the use of financial resources and sources of financing are unclear.

I will cite one example. USSR Goskomstat reported that in 1988 retail commodity turnover of state and cooperative trade (in actual prices) was 366.4 billion rubles [R] and paid services to the population—R62 billion. The total—R428.4 billion. The statistical department also revealed the following information: the population's consumer expenditures to acquire material goods and services reached R411.2 billion in 1988.

In order to understand the reasons for the discrepancy between these two figures, one must know, first, that retail commodity turnover and paid services to the population include the sale of goods and rendering of services not only to the population but also to enterprises, organizations, and institutions; secondly, a large number of paid services appear repetitively in retail commodity turnover; thirdly, the consumption of personal household products is included in the population's consumer expenditures. So it turns out that commodity turnover increases but the shelves are empty!

Such creativity is inconceivable in the system of national accounts. There, if it is written in the "social production

of material goods" account that R500 billion worth of goods was sold to the population, this sum will appear in the population (households) account as expenditures to purchase output. Who received the state budget capital (enterprises, the population, the military-industrial complex, or other countries) will also be clearly indicated. Obviously, for that reason the departments have no incentive to introduce a system of national accounts into our statistics.

The main methodological beauty of Steinberg's approach is the systematic and detailed study of the subheadings of the balance, which our economists ignore or interpret with inadequate foundation. From the subheadings of the balance, which our official statistics lumps together and calls "others," he singles out those whose appearance can never be explained by the existing methodology of formulating the economy's intersectorial balance.

He believes that taken as a whole all the uninterpreted elements designed in this way (in Steinberg's terminology, they are mistakes or discrepancies) characterize the material costs and surplus value of the national security sector (defense, the KGB, the Ministry of Internal Affairs, and subsidies to countries which help the USSR carry out its international policy). Thus, the balance showed that the number of workers and employees exceeded the number which appears in official statistics. This hidden sector must be "captured" just because the people whose sphere of employment is not indicated anywhere also have wages and spend them in stores.

Our statistics excludes the national security sector from the sphere of material production. But without it, in Steinberg's opinion, it is simply impossible to study the Soviet economy's intersectorial and financial flows.

The American scientist suggests that the national security sector should be presented in our traditional intersectorial balance as an independent column which passes

through the second and fourth quadrants, which reflect, respectively, material costs and net output of the non-production sphere.

But he does not continue to the fourth quadrant even in those intersectorial balances which represent scientific organizations. Inasmuch as this information, as well as state budget expenditures involving national security, remains inaccessible to Soviet scientists; no matter how much they may want to, they cannot calculate a precise figure for military expenditures. As is well-known, the corresponding data were not offered even to S. S. Shatalin's group when it was preparing the program for transferring to a market economy, despite the requests of the country's president.

### A Portrait of Gross National Product

In D. Steinberg's calculations, the income part of the balance of Gross National Product (GNP) consists of 32 items, while the expenditure part (final use) consists of 35. These data are given in detail in seven auxiliary tables (personal monetary income and expenditures, income and expenditures of the budget sector, expenditures for national security, and others). The fact that the subheading "Others" is usually missing or does not exceed 1 percent of the value of the gross indicator attests to the degree of detail given.

For comparison allow me to mention that USSR Goskomstat published only the general volumes of GNP for 1980-1989 and highly aggregated data on its final use for 1986-1989. But it is impossible to draw any meaningful conclusions from these data. What, for example, can be extracted for analysis from the indicator "final expenditures of the organs of state management, defense, science, and others," which account for roughly 14 percent of GNP?

It is impossible to reproduce all the results of Steinberg's study in a journal article. I will limit myself only to tables 1 and 2, which characterize the features of his analytical method and basic results.

**Table 1. USSR Gross National Product (GNP) by Types of Income, in billions of rubles**

	1965	1970	1980	1985	1987	1988
<b>Sources</b>						
Gross National Product	246.0	366.3	618.7	777.4	824.9	874.7
Personal Income	134.5	188.4	300.8	358.8	387.0	410.5
Income of Enterprises	111.5	177.8	317.9	418.5	437.9	464.2
GNP in Material Production	202.5	304.2	506.9	643.8	675.4	708.8
<b>Including:</b>						
—Personal Income	102.1	142.4	221.3	264.8	284.2	300.0
—Income of Enterprises	100.5	161.8	285.7	379.0	391.2	408.7
GNP in Nonmaterial Production	31.7	46.4	84.2	102.1	114.6	128.8
<b>Including:</b>						
—Personal Income	23.0	32.8	58.5	68.7	75.5	82.0

**Table 1. USSR Gross National Product (GNP) by Types of Income, in billions of rubles (Continued)**

	1965	1970	1980	1985	1987	1988
—Income of Enterprises	8.7	13.6	25.7	33.3	39.1	46.8
GNP in the National Security Sphere	9.3	13.4	22.4	27.6	29.9	31.0
Including:						
—Personal Income	8.2	11.7	18.9	23.0	24.8	25.8
—Income of Enterprises	1.1	1.7	3.5	4.6	5.1	5.2
Other Elements of GNP	2.3	2.3	5.2	3.9	5.0	6.1

**Table 2. USSR Gross National Product by Final Use, in billions of rubles**

	1965	1970	1980	1985	1987	1988
Sources						
Gross National Product	246.0	366.3	618.7	777.4	824.9	874.7
Personal Consumption	124.0	180.3	305.7	367.7	388.3	412.5
Savings	70.8	117.1	193.6	252.0	263.7	279.9
Including:						
—Capital Investments for Capital Repair:						
—In Civil Sectors	56.3	93.7	158.0	207.7	244.8	256.6
—In Defense Sectors	5.2	8.0	14.4	20.0	14.6	13.7
—Increase in Material Reserves (Excluding Strategic Reserves)	6.6	15.5	18.5	19.4	-1.1	9.4
State Expenditures	51.2	68.8	119.5	157.7	172.9	182.3
Including:						
—For Civil Needs	21.8	27.2	50.0	58.9	63.8	69.8
—For National Security	29.4	41.6	69.5	98.8	109.1	112.5

The American scientist divides the USSR's Gross National Product into the three spheres of its production—material, nonmaterial (services), and national security, singling out net income from foreign economic activity as an independent subheading. He groups GNP as a whole and by these spheres in the context of personal income and income of enterprises, and within these major groups—by types of income.

According to his calculations, in 1965-1988 material production accounted for 81-82 percent of GNP, non-material production—12-13 percent, and the national security sphere—five percent. Starting in 1985 a weak downturn was observed in the proportion of material production to the benefit of the nonmaterial. Before then the fluctuations were of short duration.

The structure of GNP by types of income has changed more substantially. The proportion of personal income declined from 54 percent in 1965 to 45 percent in 1984 and then increased to 47 percent in 1988. The proportion of income of enterprises rose and fell correspondingly. These results refute the accusations of egoism and self-seeking against labor collectives, as we are increasingly being told today. Even according to our official data, income of workers forms more than 60 percent of

the GNP of the United States. And now everyone knows that the USSR's percentage of GNP is not equal to the American percentage.

In the national security sector, of every ruble of GNP in 1988 worker income accounted for 85 kopecks (88 kopecks in 1965), in nonmaterial production—64 kopecks (73 kopecks), and in material production—42 kopecks (50 kopecks). The lower proportion of worker income of material production in GNP is to a certain extent the result of the fact that the turnover tax is part of the income of enterprises, and that tax is concentrated fully in this sphere. However, the impact of this factor declines from year to year because of the greater difference in prices for agricultural and other output compensated from the budget. This difference is subtracted from the turnover tax when it is included in GNP and income of enterprises.

In generalized form these data characterize the difficulties which our economy has encountered in converting the military-industrial complex. It really is not realistic to halve the proportion of surplus value that enterprises of this complex are directing to the labor payment. Then civilian output produced by the defense department would objectively be significantly more expensive at first than similar output produced by civilian sectors. But

over time prices and wages of the civilian sector will probably adjust themselves to the level of the defense sector, rather than vice versa. Only a fullfledged market with its strict laws of competition will be able to regulate the growth in worker income and socially necessary labor embodied in the product those workers create.

Where does GNP "go"? According to Steinberg's calculations, in 1988 47 percent of it went for consumption (1965—50 percent), 32 percent went for savings (29 percent), and state expenditures made up 21 percent (21 percent). In light of that, in civilian sectors savings accounted for 30 percent of GNP (1965—26 percent) and state expenditures—eight percent (nine percent). Taking into account the resources used for personal consumption, the "civilian side" got 86 percent of GNP (85 percent in 1965) and the military-industrial complex absorbed the rest.

Let us compare Steinberg's calculations with our official statistics. V. N. Kirichenko, the chairman of USSR Goskomstat, asserts that in 1988 the population used 54 percent of GNP, and Steinberg says 53 percent. The discrepancy is negligible. And, it would seem, we should trust the enormous Goskomstat apparatus more than one American scientist. But the statistical department asserts that in 1987 the population of the United States consumed 67 percent of GNP, of Great Britain—63 percent, of France—61 percent, of Japan—58 percent, and of the FRG—55 percent. It follows from that that we are roughly at the level of the FRG. So whom should we trust now?

#### Just What Are the USSR Military Expenditures?

Given the acute economic crisis, expenditures for the military-industrial complex have become a sphere of heightened interest for both scientists and ordinary taxpayers. The more material, labor, and financial resources it absorbs, the fewer remain for day to day consumption and production savings.

The fact that in one instant R20 billion worth of budget expenditures for defense became R77 billion merely intensified distrust in official statistics. In M. S. Gorbachev's words, the proportion of military expenditures reached 18 percent of national income, which for 1988 is equivalent to R114 billion. These figures are cited in actual prices and, consequently, the real value of the material and labor resources used in the military-industrial sector is understated. Some economists give higher figures—R175-220 billion, or 20-25 percent of Gross National Product (GNP).

S. G. Gugmazov, department chief of the USSR Council of Ministers Business Administration, has a different "truth": "The expenditures declared for defense (R77 billion—Sh. S) do not exceed 15 percent of the national income, or eight percent of GNP."<sup>2</sup> Is that right? Let us take as an example the year 1989, when R657 billion of national income were produced and R924 billion of GNP. It turns out that expenditures for defense should

be R99 billion (15 percent) and R74 billion rubles (eight percent). But which of these figures is correct?

The American Sovietologist came to the conclusion that USSR military expenditures in 1987 in current prices were R119.5 billion rubles (14.5 percent of GNP), which includes R54 billion for weapons, R15 billion for research and development, R20 billion for administration and support of the Ministry of Defense armed forces, R8 billion for services, R5 billion for defense construction, R6 billion for space, R9.8 billion for capital investments (other than housing), and R2.5 billion for pensions. He adds R4 billion in expenditures for paramilitary subunits of the Ministry of Internal Affairs and the KGB to that. The total sum of the national security budget turns out to be R123.5 billion (15 percent of GNP).

Steinberg assumes that for international comparisons of military budgets, expenditures must be converted to current prices and hidden additional costs—R1 billion for designing and creating means of transport which can be used for military purposes, R9 billion for subsidizing prices of materials and equipment supplied to military sectors, and R3 billion for subsidizing sectors which help the military complex achieve the goals of the defense doctrine—must be taken into account. In this way, Steinberg determined the top limit of the military burden in the USSR in 1987—R144.7 billion, or 18.5 percent of GNP in current prices.

Not everything in his calculations is irreproachable. At times he tends to attribute any discrepancy in our official statistics to the military-industrial sector. Thus, in the statistical annual *NARODNOYE KHOZYAYSTVO SSSR*, the average annual number of workers and employees is given in detail for 16 sectors, and the average monthly wage—for only 15 (the wages of workers involved in other sectors of material production are missing). Because of that, the annual wage fund calculated as the product of the number of workers and employees times their average annual wages exceeds the sum of the wage funds of the 15 sectors. Of course, one may question whether 1.7 million people are working in the other sectors. But it is hardly justified to think that all of them wear a military uniform.

Let us continue the search for the true amount of money it costs to keep up the army and the organs equated to it. It is believed that in 1988 workers and employees were paid R302.2 billion in wages (including bonuses from the economic incentive funds)<sup>3</sup>, and all citizens (including employees of cooperatives)—R324.6 billion.<sup>4</sup> In this way, the wages of employees which official statistics does not consider workers or employees amounted to R22.4 billion. Obviously, that is expenditures for the upkeep of employees of the defense sector. Steinberg obtained a slightly larger figure—R26.4 billion. Who is right? I will not undertake to be the arbiter between Goskomstat and the free economist, since the statistical department has repeatedly refuted its own data.



In conclusion I would like to stress once again that without access to full, accurate, and reliable information, we will simply be unable to tune our economy to market relations. It has long been time for Goskomstat and the USSR Council of Ministers to stop making declarations on the matter and publish the balances of national income, GNP, and income and expenditures of the sectors of the economy without abridgment using the system of national accounts. Otherwise, even the highest offices (including the USSR Supreme Soviet) will continue to blunder in the darkness, and Soviet researchers will continue to refer to data on our economy from the CIA and foreign scientific centers.

#### Footnotes

1. See "Materials on the AEI Conference to Compare the Soviet and American Economies," Washington, 19-22 April 1990."

2. PRAVDA, 30 July 1990.

3. "Narodnoye khozyaystvo SSSR v 1988 g." [The USSR Economy in 1988], Moscow, Finansy i statistika, 1989, pp 34, 77.

4. PRAVITELSTVENNY VESTNIK, No 12, 1990.

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#### Competition Between Ministries Studied

914A0448A Moscow

MATERIALNO-TEKHNICHESKOYE

SNABZHENIYE in Russian No 12, 1990 pp 88-92

[Article by economist M. Delyagin in rubric: "Attention Analysts": "What Ministries Are Fighting For, and How"]

[Text] In the last few years the activities of ministries, which continue to be the basic element of economic management, have become targets of close scrutiny by scientists and journalists. Today we are learning more and more facts about rivalries developing among ministries in the course of defining the state's economic policies and priorities of economic development.

Unfortunately, studies of this rivalry are of a purely empirical nature. The absence of any quantitative indicators of the results of rivalries and, accordingly, of the relative strength of the ministries, makes it impossible to formalize the information already in hand and apply mathematical methods to study it.

However, we shall try to fill this blank, at least partially.

A ministry can be said to have achieved success and gotten ahead of its rivals if it has been able to prove to the government the need for accelerated development of the respective industry. The primary and most important sign of "strength" is "expansion," that is, increases in the limits of capital investments allocated to the successful ministry. The volume of capital investments, be it noted, not output (since different output can be compared only in terms of its cost, which is meaningless in conditions of a distorted price structure), still less profit (because there is a system of its redistribution, including from the "weaker" to the "stronger"). The ministries vie in strength not in the "open field" of the market, but in the offices of agencies that define the basic directions of the country's development (Gosplan [State Planning Committee], Gossnab [State Committee for Material and Technical Supply], etc.).

Table Of Comparative Strength of Ministries

Major Union Industrial Ministries	Branch of the Economy	Limit of State Capital Investment in 1988		Proportion of Imported Equipment total Uninstalled Equipment in 1988	Average Annual Rate of Commissioning Fixed Assets in RSFSR	
		mil. R	percentage		1986-88 against 1981-85	1988 against 1987
Oil Industry	Fuel and Energy	14,332	17.8	47.2	1.40	1.04
Gas Industry	Fuel and Energy	10,510	13.1	34.5	No data	
Energy	Fuel and Energy	8,274	10.3	4.5	1.13	1.12
Water Conservation Construction	Agroindustry	5,800	7.2	25.7	1.16	0.96
Automotive and Agricultural Machinery Building	Machine building	5,038	6.3	42.0	1.21	0.79
Coal	Fuel and Energy	5,020	6.2	25.4	1.16	0.98
Iron and Steel	Metallurgy	4,730	5.9	39.0	0.93	0.70

Table Of Comparative Strength of Ministries (Continued)

Major Union Industrial Ministries	Branch of the Economy	Limit of State Capital Investment in 1988		Proportion of Imported Equipment total Uninstalled Equipment in 1988	Average Annual Rate of Commissioning Fixed Assets in RSFSR	
		mil. R	percentage		1986-88 against 1981-85	1988 against 1987
Geology	Fuel and Energy	4,484	5.6	59.1	No data	
Atomic Energy	Fuel and Energy	2,985	3.7	24.1	-	0.98
Nonferrous Metallurgy	Metallurgy	2,978	3.7	27.0	1.01	0.61
Fertilizers	Chemical-Timber	2,629	3.3	40.5	0.76	0.86
Chemical Industry	Chemical-Timber	2,306	2.9	43.3	0.85	0.95
Timber	Chemical-Timber	2,208	2.7	39.0	1.04	1.03
Petrochemical	Chemical-Timber	1,796	2.2	40.0	0.85	1.09
Oil and Gas Construction	Fuel and Energy	1,488	1.8	59.1	No data	
Heavy Machine Building	Machine Building	1,195	1.5	11.3	0.98	0.77
Electrical Equipment	Machine Building	1,008	1.3	32.8	1.08	0.82
Medical-Biological Industry	Chemical-Timber	846	1.1	14.9	1.17	1.13
Instrument Building	Machine Building	836	1.1	20.0	1.72	0.96
Machine Tools	Machine Building	820	1.0	30.1	1.28	0.88
Chemical Machinery	Machine Building	565	0.8	14.8	1.00	0.85
Road Building Machinery	Machine Building	381	0.5	8.2	1.28	1.06
Total			100.0			

Sources: STATISTICHESKIY PRESS-BULETEN GOSKOMSTAT SSSR, No 1, 1989, p 53; No 12, 1988, pp 116-117; RSFSR Goskomstat review "Capital Construction in the RSFSR," 1989; National Economy of the USSR in 1988, p 445.

Let us consider the major union ministries on which data is published by the USSR Goskomstat [State Committee for Statistics] (see table).

They are grouped according to the limit of state capital investments, which is taken as the basic indicator. The other indicators—proportion of imported equipment in total uninstalled warehoused equipment in capital construction, and the rate of growth in the commissioning of fixed assets—play only an illustrative, auxiliary role. The former can be used to determine the proportion of imported equipment in all the equipment installed in an industry in a given year and, more extensively, for determining the proportion of currency investments in total capital investments in an industry. I think it is reasonable to assume that the proportion of imported equipment in uninstalled equipment, its proportion in equipment to be installed in a given year, and the proportion of hard- currency investments in total investment in an industry approximately coincide.

The proportion of currency investments in total investments allocated to a given ministry deserves special attention, because commercial deals abroad, by virtue of the additional benefits which accrue from them to those involved, and the limits of hard- currency reserves, are an arena of especially fierce competition.

However, victory in it depends not on the ministries' influence, but on purely technological circumstances, which makes for the partial, illustrative nature of this indicator.

The last two columns of the table are also of an illustrative nature. The ratio of the average annual commissioning of fixed assets in 1986-1988 to the same indicator for 1981-1985 is an expression of the formation of a long-term trend and shows the changes and structural shifts that began during the first years of perestroika as compared with the final years of stagnation. The ratio of the commissioning of fixed assets in 1988 and 1987 reflects a short-term trend developing over one year. A

comparison of the long-term and short-term trends reveals the failure of the concept of "acceleration" and structural shifts through the priority development of machine building. The instrument-building [Minpribor], machine-tool [Minstankoprom] and automotive and agricultural machine building [Minselkhovmash] ministries were unable to sustain the adopted rates of development (with the sole exception of the Ministry of Road-Building Machinery [Minstroydormash]).

This indicator is faulty not because it does not encompass the entire country, only the RSFSR (it was impossible to obtain more complete data), but because it distorts the situation of ministries with many plants in other republics (e.g., the Ministry of Nonferrous Metallurgy [Mintsvetmet]). It is faulty in principle, because it substitutes investments won from the state and from rivals with investments which the ministry was able to utilize. Yet these indicators correlate extremely weakly, and in the framework of one year do not correlate at all.

The significance of a ministry in the state depends, of course, on economic success, but is not, nevertheless, determined by it.

In present-day conditions, the most reliable indicator to be used in gauging the "strength" of ministries is limit of state capital investments as the primary and immediate information regarding their status.

What it is can be seen in the table. It is only natural to try to answer the question as to what determines "strength" and what factors affect the success or failure of a specific ministry.

It is apparent that the main, if not only, method of obtaining investments is the method of "direct solicitation." Each ministry, through its "lobby" in Gosplan and Gosplan (and, not so long ago, in the CPSU Central Committee), strives to prove its exceptional importance, and hence the need for accelerated development (lately this method has been acquiring an original "immediate" character; thus, according to V. Yaroshenko<sup>1</sup>, the detergent shortage was largely engineered by the Ministry of the Chemical Industry, which was seeking permission to "develop unpopular chemistry").

It is significant that in conditions of fairly rigid technological interconnection and interdependence of industries virtually any of them can declare itself to be a "main" and "key" industry and justifiably claim that "everything will collapse" without it. And the fact that such de jure equality is accompanied by apparent de facto inequality calls for an explanation.

It is, of course, the easiest thing to explain the developing balance of forces as a consequence of an unpredictable struggle of subjective interests. But that means to forget that at the root of every subjective decision lie specific objective reasons, and that if the picture of historical development seems to us to lack inner logic, that only means that we do not see it fully.

Let us begin our search for the causes of success of ministries from the most objective level: the level of the forces of production. Production must be simple.

The stimulating effect of the factor of technological primitiveness on the development of an industry consists, firstly, in a fewer number of required suppliers and, consequently, relative protection from their bidding, and from shortages in general, and, secondly, in the greater effectiveness of the existing system of administrative management (since executives can understand the specific features of a technology and exercise more intelligent management; with primitive technology the indicators of economic activity, which are based on considerations of labor input, correspond more closely to its actual results).

Another point. The output of a "strong" ministry must be either at the beginning of a technological sequence, "setting the rhythm" for the entire economy (the energy and extracting industries), provide the country with vitally important foreign exchange (oil and gas), or hold the promise of boosting a lagging but highly important industry (thus, the chronic lag of agriculture helped boost such giants as the Ministry of Water Conservation Construction [4th place in the table], the Ministry of Agricultural Machine Building (now part of the 5th-placed Ministry of Automotive and Agricultural Machine Building), and the Ministry of Fertilizers [11th place]).

Finally, the ministry should have no technological competitors: its output should have no substitutes manufactured by other ministries. This is not an acute problem in the framework of the fuel and energy complex: its ministries, which almost exactly meet the aforementioned requirements, were in a most favorable condition and by encouraging and supporting the spending nature of the economy<sup>2</sup> were able to apportion their products' sphere of consumption (this refers only to the internal market; the Soviet "gas invasion" of the West European market, which helped drive down oil prices in 1986, is an example of another kind).

A different situation has developed in the so-called construction materials complex (which includes the metallurgical and part of the chemical-timber complex), where the iron and steel industry (which accounts for 97 percent of its output and substitutes for the output of nonferrous metals and plastics) is, apparently, being strongly restrained.

For ministries which do not fit into the aforementioned favorable "technological niches" there still remains one feasible possibility of consolidating their positions.

The thing is that a ministry's strength depends not only on its position as a whole, but also on the position of its enterprises. The greater the number of absolute monopolists—that is, manufacturers of unique products—among them, the higher the "stocks" of the ministry marketing that produce. In this sense a ministry's strength is in direct proportion to the output of the absolute monopolists within it. One can confidently

claim that therein lie the material reasons for the ministries' striving for "superspecialization" and "superconcentration."

And finally, ministries would not be able to maintain their dominant position in the economy without a consistent external economic policy aimed at preventing competition.

It consists, firstly, in a universal restriction of imports of finished products in favor of importing equipment for their manufacture. But they (and, hence, the state) regard even imports of the means of production solely as a means of resolving partial, immediate problems, as a forced method of final resort to correct mistakes.

Equipment is imported either to alleviate extreme stresses during periods of implementation of grandiose projects or in connection with products which ministries find unprofitable and do not want to produce (and, naturally do not produce). So one can trace an apparent consistency: centralized imports of equipment, far from promoting competition, in most cases does not even relieve "regular" shortages.

It is necessary once and for all to grasp a fairly simple truth. In conditions when asset-holding administrative agencies (whatever one calls them: ministries, concerns, associations) retain their domination, any large-scale changes in investment policy are impossible.

#### Footnotes

1. See V. Yaroshenko, "Interest Parties," NOVYY MIR, 1990, No 2.

2. It is worth drawing the reader's attention to the fact that the method of preserving the spending nature of the economy—low raw material prices, often below cost—is a classic example of price competition among monopolies. In conditions when the state is a guarantor of the development of major monopolies—ministries—such a situation can continue for quite some time, until the economic collapse of that state.

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#### Expulsion of CPSU From Enterprises Discussed

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Second Edition p 3

[Interview with Odessa Obkom 1st Secretary R. B. Bodelan conducted by PRAVDA correspondent V. Vasilets: "Must We Leave the Enterprises?"]

[Text] The topic of this discussion was suggested by the events which took place in Lvov. There, a major enterprise expelled the partkom, and zealous young men placed its belongings at the building entrance to the party obkom. Who is insured against the possibility that tomorrow such actions might not be taken in another region, on a different scale?

My interviewee, Ruslan Borisovich Bodelan, a member of the CPSU Central Committee, first secretary of the Ukrainian CP Odessa obkom and chairman of the Odessa Oblast Soviet of People's Deputies, talks about the place, role, and calling of party organizations under the conditions of democratization of society.

[Bodelan] Today there is no other social organization in the country's political sector whose past and present are under such close scrutiny as the communist party. How many attacks, reproaches, and outright threats has the CPSU not heard in the time since perestroika was undertaken at its very own initiative? Whatever misfortune you name—it is always the CPSU alone which is guilty of everything. The wave of discontent from the lips of the communists themselves also spilled out at the recent Congress. Voices were heard urging the complete withdrawal of party organizations from the enterprises. The party, they said, has itself announced its decisive rejection of substitution of organs of economic management, and therefore must immediately withdraw from the plants, factories, construction sites, kolkhozes and sovkhozes.

The "liquidators" were opposed by the firm position of the majority: Primary party organizations must be strengthened. This is the cementing nucleus of the labor collectives. And the Congress, as we know, affirmed the industrial-territorial principle in its new Charter. Now, I believe, there is nothing to argue about. The forced expulsion of party groups from enterprises is an illegal action and is subject to condemnation. Yet it is something else that I am concerned about: Certain party organizations are themselves providing reason for the implementation of such actions. They remain in a state of confusion, they do not get involved in anything, and so they draw fire.

[Correspondent] In other words, the struggle for survival is a matter for the primary organizations and committees themselves?

[Bodelan] Undoubtedly. If the labor collective needs the party organization, that means it is well suited to it. That means it sees some sense in its functioning at the enterprises. Just look, the plant director, the chief specialists, and the leading production workers are, as a rule, communists. All of their hearts ache for the interests of their comrades in labor. Why exclude them from the happy family? So, the people finish their work day, they get together at the party meeting, somewhere outside the hall... What will they talk about? About the business of their neighbors, about the state of affairs in the party, about the course of perestroika in the country? Enough of general discussions. We have already had enough of meetings. We have worn each other out with debating. The time has come for actions. Today each party organization, each party committee must have a specific point of application of force, a specific target of displacement, where anyone may see their work and give his own evaluation of what he has seen.



We know where the newly emerged "depoliticizers" are taking us. They want to manage and run everything themselves without control, striving first of all to satisfy their own personal and group ambitions.

Look at what we have already encountered. While we were pounding the local party organization, while we were excluding it from production matters, an entire series of enterprises discontinued the manufacture of inexpensive goods and increased wages without justification. And what happened? The machine operator had an extra hundred [rubles] and he immediately spent it on purchases of children's goods, ordinary socks, needles, razor blades, and buttons at speculative prices. It was to someone's benefit to show off for the people, to win cheap authority by satisfying immediate needs. Yet, as it turns out, it is once again the party organization that is at fault for the impoverishment of the store shelves. Yes, it is at fault. Not for the disappearance of consumer goods, but rather for its inability to instill in the people an understanding of the principles of real cost accounting. And although the party organizations have refused control of economic management activity, the communists who hold high positions should not forget that they belong to the party, and that means also that they should not forget their responsibility to the people, for which, as before, they may be held accountable in the primary organizations.

[Correspondent] Ruslan Borisovich, you are once again talking about economics and not about politics.

[Bodelan] What is economics and politics—Lenin formulated it beautifully. What are they all talking about everywhere today? That is right, about the transition to a regulated market economy, about that which worries the people most of all. But what does this talk usually come down to? To intimidation. The market will hit at the low and middle income families, they say. It will give rise to unemployment and throw honest laborers out onto the street. Once again rumors are being circulated by the "friends of the people" in order to compromise the CPSU platform.

The party organizations have a broad field of activity here, specifically in the labor collectives, and not outside the gates of the enterprises. We need extensive educational work, training and retraining of the cadres, a prudent choice of partnerships, and the conclusion of profitable contracts so that the working folk might more quickly see changes for the better in the new economic relations.

In Odessa the production organization "Vetpribor" headed by Ye. Borshch has taken a sure path toward the market. The former party obkom secretary, and current administrator, has nothing to share with the party organization. He stands as one with it. As a result of the close cooperation of the communists with the STK [Union of Labor Collectives], the association's trade union organization has long ago attained the highest class of work. Material interest is everywhere tied in with high labor

productivity. Here the living conditions are well ordered, pensioners are surrounded with care and attention, and the housing problem has practically been solved. With such an attitude toward the individual, how can anyone even think of putting the party organization outside the gates? On the contrary, the entire collective stands firmly behind the communists.

[Correspondent] You have convinced us: it is the matter of the collectives themselves—to be or not to be primary party organization members in production. But there are cases when the communists themselves preach the idea of "re-registering".

[Bodelan] That is true, there are. We know about them. For the most part these are people who at one time came to the party expecting a career or some other privileges and benefits. When they did not receive them, all of them now want to "weasel out" of their own oaths of readiness to faithfully serve the cause of the CPSU. It is inconvenient to do this publicly. It is easier to hand in their party card when the group finds itself outside the entryway. They will not have to explain their action to anyone except the communists. Otherwise, their worker-colleagues will ask: "Why did you get into that party in the first place?" We must do away with such "like-minded" members as decisively and quickly as possible.

[Correspondent] Many such members are already leaving. At the "Tsentrolit," I heard, the party organization has "grown thinner." Does the "spontaneous evaporation" of the primary organizations not frighten you?

[Bodelan] Not one party organization has been disbanded in the oblast due to "exhaustion," although we really can see an exodus. For example, last year 1,300 persons in our oblast left the party. What can we say, it is an unpleasant phenomenon. However, I am heartened by the influx of fresh forces. This testifies to the fact that faith in the party has not been lost.

[Correspondent] You have suggested the next question yourself. Small numbers are not a hindrance to a fighting spirit. But what about the material base? The party groups of large enterprises will somehow survive on their dues, but the primary organizations of kolkhozes, sovkhozes, institutions and courts will find themselves in a difficult position. Will life itself not force them to disband?

[Bodelan] I will tell you about the rural areas. Here not only the primary organizations, but also the raykoms used to receive a subsidy from the general oblast party treasury. How will it be now? The raykoms will begin receiving support in the former amounts. As for the cost of maintaining secretaries of the primary party organizations, the peasants are announcing at general meetings everywhere that they are ready to take the party organizations on their own allowance. In the rural areas the people cannot imagine how they can get along without the party organization—the main and practically the only protector of their interests.

Let me mention the ships of the Black Sea maritime shipping line. Up until now the primary organizations here have been headed, as a rule, by first mates. Now this position is being eliminated. Yet the groups remain. But who will displace them, and where? Perhaps to sea? Then every time it is necessary to hold a party meeting the seamen will get into their sloops and discuss matters while bobbing around on the waves? People simply are not thinking when they speak of removing communists from production.

[Correspondent] However, let us return to material expenditures. It is not enough to provide the party organization with wages. Funds will also be needed for propaganda.

[Bodelan] Poster propaganda in the form in which it has existed before has outlived its usefulness. Who needs them today, the colorless wallboards, the posters, the various appeals? Communists must agitate for their ideas not with pictures, not with words, but by personal example, by specific deeds. And if the administration asks them to set up a plant Honor Board or to fix up a part of a room for the livestock raiser, machine operator, inventor or seaman, here the party organization may itself earn a few kopeks for its needs. It has the experience of a broad circle of activists...

[Correspondent] Activists—these are those same agitators, political information specialists and propagandists? Under market conditions, it is a fruitless matter to teach people how they should work at their machine tools.

[Bodelan] We cannot do without an active membership. Well, today its tasks, naturally, are different. You and I have overlooked the question of a multi-party system—the struggle of opinions, the struggle of ideas, the arguing over convictions and positions. We must gather the ideological forces into a fist as never before.

[Correspondent] Are the primary party organizations now absolving themselves of the responsibility for organizing social competitions? Or are these competitions no longer needed?

[Bodelan] Who says? I believe that neither the administration, nor the STK, nor the trade union will oppose having the communists as reliable helpers in strengthening order and discipline and increasing the sense of responsibility for the assigned task. Here we must dig to the depths of the human soul, and not paste it over with certificates or weigh it down with medals.

[Correspondent] And also perpetual red banners of the Central Committee, the obkom, gorkom, and raykom?...

[Bodelan] I catch your drift. No, we are not rejecting banners. However, we will present them not to the labor collectives, which might also include representatives of other parties, but exclusively to our own party organizations, considering our criteria for evaluation of their

activity. As for government honors, let the collectives themselves determine their own positions. Let them name their own heroes.

[Correspondent] What about honors for yourself? After all, it is no secret that in compiling the list of outstanding workers in production, they must necessarily include the names of secretaries of the primary party organization, the partkoms and raykoms. Why, even the secretaries of obkoms and the Central Committee have received awards for flax, for milk, and for reinforced concrete. Is a government award a standing order for the party organizer today?

[Bodelan] Isn't the party organizer a man, just like the others? Yet in general, we have found ourselves in this heavy harness not for the sake of orders and medals. The highest award for a communist of any rank is the trust of the people. I am convinced that the party will restore its authority and do everything in its power to bring society out of its crisis situation as quickly as possible. Its destiny is to be among the people, at the leading edge!

### Gossnab Views Role During Crisis, Market

914A0449A Moscow

MATERIALNO-TEKHNICHESKOYE

SNABZHENIYE in Russian No 12, 1990 pp 4-12

[Article by Ye. Spiridonov: "Surgery Without Anesthetic"]

[Text]

### Conversion to the Market Under Conditions in Which the Available Funds of Enterprises Remain Unfrozen While the State Has No Spare Resources To Support the Market Which Is Breaking Down by Shortages, Reminding of Surgery Without Anesthetic

The essentially beneficial process of transforming coerced economic relations into mutually profitable relations among partners, given the monopoly status of producers, results in stopping the production of vitally important items and threatens us with economic paralysis. That is why replacing the planned assigning of some commodity producers to other with free trade must be controlled with the use of administrative stabilization measures.

The USSR Presidential Ukase on the Need for Urgent Measures to Stabilize Economic Relations During the Fourth Quarter of 1990 and in 1991, on the one hand, and the need to reorganize the material and technical supply organs into market structures, consistent with the program adopted by the USSR Supreme Soviet, on the other, are the conditions which predetermine the controversial position in which the USSR Gossnab [State Committee for Material and Technical Supply] finds itself during the transitional period. The way in which state supply functions can be separated from market

operations with less pain to the economy was discussed at an expanded meeting of the USSR Gosnab Collegium.

P.I. Mostovoy, USSR Gosnab chairman, described the symptoms characterizing the general crisis in the economy. Production decline has reached threatening dimensions. In a period of eight months, output dropped by 8.2 billion rubles below the planned figure. Construction and installation projects fell short of implementation by 10 billion rubles. No more than 63 of the 1,300 projects the output of which was increase the production of currently imported items were completed. Capacities for the production of 1.5 million tons of cold-rolled sheets were not completed in Cherepovets; facilities for the production of 270,000 tons of steel with polymer lining, used in the manufacturing of electronic furnaces and refrigerators, were not commissioned in Lipetsk.

Departmental and parochial diktat and the weakening of contractual discipline are having a ruinous impact on the national economic balance. In a number of areas, plants which, in some cases, are the exclusive manufacturers of a given domestically produced item, are being closed down. For example, in Yerevan the production of chloroprene rubbers, manufactured at the Nairit Plant, was stopped. The production of liquid ethyl, which is a necessary additive to gasoline, was stopped in Irkutsk and Nizhegorod Oblasts.

Items which we have failed to produce domestically must be imported. This requires foreign currency. Nonetheless, republic, kray and oblast executive committees and enterprises are stubbornly demanding that freely convertible currency, earned from sales of exported goods, remain in their possession. On what grounds? Export possibilities are not always created by the producers alone. At some enterprises, the technical production standard required in the manufacturing of competitive items was improved by an injection of foreign exchange provided by the full sector. It would be fair, for that reason, for the minute amounts which we are currently earning from exports to be used, above all, to meet the priority needs of the government. This applies to 17 billion rubles in freely convertible currency. Seven billion are needed to purchase grain from abroad; purchases of cocoa beans, and citrus fruits, products which do not grow in our country, require 2.5 billion; 4.5 billion are needed to purchase complementing raw and other materials for industrial enterprises. If we were today to distribute the foreign exchange to those who generate it and import nothing, in 1991 the country's volume of output would decline by 22 percent or 130 billion rubles.

It is obvious that we shall be unable to enter the market effortlessly. For that reason, the ukase promulgated by the USSR president, which requires of enterprises to retain the existing economic ties, could become the obstacle to any further drop in production. This document would help suppliers to sign contracts with manufacturers and consumers and to ensure the availability of

resources needed to meet state orders for the production of the most important commodities.

The interrepublic program for timber procurements for the national economy, which the USSR Council of Ministers should submit shortly to the USSR Supreme Soviet, is also called upon to strengthen the economic health. For the time being, we have the resolution of extending from 1991 to 1992 the deadline for ending the floating of timber down rivers and reservoirs. Seventy-five million cubic meters of timber are being procured in our country without the benefit of vessels. Naturally, this is not accomplished without causing harm to nature. However, we must not immediately shift the entire volume of floated timber to economically clean types of transportation. This would cost between 2 and 3 billion rubles and would require no less than five years.

Some corrections must be made in the use of the timber as well, taking reality into consideration. Bearing in mind the exceptional circumstances, it is a question of allowing the logging of designated timber areas in 1991 at the sites of timber procurement enterprises, and the cutting of cedar for principal use, in the amounts stipulated in the state plan. It is also necessary to speed up cutting in the new designated timber areas. The USSR Gosnab was the co-author of this resolution, jointly with the USSR Gosplan.

Although these steps halt the headlong erosion of existing production structures, they unquestionably hinder the establishment of a more efficient production and consumption structure, which is developing under the influence of market relations. In this connection, the managers of the territorial organs which attended the collegium meeting dealt with entirely pertinent matters, such as: Could it be that the freezing of economic relations means that the length of service of procurement organs as state management authorities is to be extended? If such is not the case, what would be the future of main procurement administrations following the start of the conversion to the market system? As we know, the territorial administrations in Russia have already been put under the jurisdiction of the recently formed RSFSR Committee for Material and Technical Support of Republic and Regional Programs. Their relations with state management agencies on all levels, and with enterprises and other material and technical procurements organizations must be structured on a contractual basis.

If subordinate agencies are being given their freedom, what functions should administrative unit have?

Their functions would be to ensure the implementation of Union and republic state orders. The fate of the USSR Gosnab and its territorial organs, P.I. Mostovoy said, depends on the volume of output that it will order of the enterprises on behalf of the state. The fact that centrally issued assignments will remain under market conditions as well remains unquestionable. In the United States, where market relations have existed for a long time, state

orders account for 27 percent of the total volume of output; in Japan, which is the foremost developed country in the world, for 39 percent; in England, for 37 percent and in Germany for 33 percent. Therefore, any talk about the need immediately to convert to a free market and to eliminate state orders should not be taken seriously.

The fact that the enterprises must find the state order profitable is a different matter. We shall achieve this as well. The program for a conversion to the market calls for restructuring the USSR Gosnab and the republic gosnabs into state contracting committees, in order to ensure the implementation of the state order and control the market. This means that goods produced by the enterprises will be purchased also to meet the needs of the government. For 1991 the resources on which the state claims priority total 245 items. In terms of volume of output this is in the vicinity of 37 percent. Furthermore, the republics will place orders to meet their own needs as well. All in all, state orders will not exceed 50 to 60 percent. The balance will go to the market, i.e., it will be traded at free prices.

This means that the activities of state committees of Union, republic and territorial organs should be kept separate from those of the market. Wholesale-brokerage companies on the Union and republic levels and wholesale trade enterprises will operate on the basis of commercial principles, while the central apparatus will perform the functions of state contracting organizations.

About 11-12 percent of all resources are left to ministries and departments which hold on to them for the sake of prolonging and justifying their existence. However, the principle of the contracting system which is used to meet state resource requirements does not call for the existence of any kind of departmental network for commodity distribution. Some ministries, nonetheless, are trying to hastily create their own procurement-marketing organizations in order to be able to lay a claim to some of the resources. The Ministry of Metallurgy, for example, has set up its own trade center within which it has arbitrarily included three directors of wholesale-brokerage firms of the USSR Gosnab, engaged in buying and selling ferrous and nonferrous metals and pipes. The USSR Gosnab does not object to ministries creating specialized supply and marketing organizations. However, they should not be departmental but market-oriented and should interact with state organizations on an equal basis.

"The reorganization of the USSR Gosnab organs," said in his address S.V. Anisimov, deputy chairman of the USSR Gosnab and member of the USSR Council of Ministers Economic Reform Commission, "is directly related to changes in the nature of relations between the Union and Union republics. The program of conversion to the market substantially broadens the rights of Union republics. They also assume responsibility for the socio-economic development of the regions: housing and social project construction, the work of light industry,

production of consumer goods at Group A enterprises, and supplying the population with food products. Naturally, they are assigned the function of controlling the local markets. We must control the process of material and technical procurements, which includes the efficient management of supplies. This must be done bearing in mind that industrial enterprises will be entirely autonomous. They will no longer be subordinated to any ministry or department. They will have the same rights as any governmental, stock holding, leased, cooperative or private enterprise.

More specifically, the functions of the reorganized USSR Gosnab and its organs will be defined after the signing of the economic agreement among republics, the Union treaty. This means that we should expect the reorganization to take place not before the first quarter of 1991. It is envisaged that the contracting system will be organized on the level of the Union and of Union republics, consisting of agencies of the USSR Gosnab, the USSR Ministry of Trade and the USSR Agrosnab. The commodities departments of the territorial committees will engage in the direct placing of state orders and the distribution of goods. They must have their own subdivisions which will coordinate the activities related to providing material and technical supplies needed to fulfill the state orders. The volume and structure of the orders will be determined by the central republic and Union authorities.

What will be the governing principle in the activities of the market system in regulating commodity turnover? Using the services of wholesale brokerage firms, the enterprises will formulate independently their portfolio of orders for their goods and production plans, place orders for raw and other materials and complementing items, and conclude economic contracts. Should it prove impossible to place the orders and load enterprise capacities, the enterprises will address themselves to the territorial authority of the governmental contracting system and inform it of the type and amount of resources they need. On the level of the republic management authorities, on the basis of such data, a decision will be made concerning the volume and structure of the state order, the republic's needs for reciprocal procurements and, on this basis, bilateral and multilateral international contracts will be initiated.

Therefore, the state contracting system will be based on deviations; it will detect imbalances in the national economy and eliminate them without obstructing the development of market relations. However, taking into consideration the present scale of the deficit, in 1991 the contracting authorities will have the right, in some special cases, to invalidate or block the effect of already concluded enterprise contracts, should the interests of the national economy require the redirecting of developing commodity flows.

The contracting authorities may purchase resources from enterprises at contractual prices. The prices of goods ordered by the state will have markups which will



make it cheaper for commodity producers who would dare to compete with the contracting committee by purchasing resources on the open market. With the help of price controls and easy credit to consumers, monopoly producers could be kept in line as well.

In the program for a conversion to the market, the main task of the contracting system has been formulated as follows: material and technical backup for goods distributed on a centralized basis and goods freely purchased from producers to meet the needs of the state. The functions include supervising the observance of commercial activity rules; drafting regulatory commerce laws; and assisting in the development of wholesale trade. The contracting committees have also been assigned to protect the interests of consumers, to supervise free competition and to formulate the principles governing the organization of a market in the means of production.

"The proposed mechanism," S.V. Anisimov said, "is still imperfect. It will be subject to amendments and the views of the USSR Gossnab will be considered. In particular, the latest draft includes an agreement to include the following stipulation: the state contracting system has the right to form state corporations, stock holding societies and other types of enterprises, with a view to developing the infrastructure of a market in the means of production."

Both the government's and Shatalin's program lead to different interpretations of the procedure for the formulation of a state order and the contracting system. The former indicates strictly the functions of the contracting system; the latter describes the mechanism of action. Agreement on consolidating the stipulations of both programs has been reached. The resolution on the organization of the contracting system will take this into consideration. As to the state order, in both cases it has been agreed that in 1991 the state order will remain mandatory. During the transitional period, it remains a direct state control of economic relations. Later on it will resume its original meaning of becoming contractual, which will make the state order equally advantageous to enterprises, regardless of form of ownership.

Until the USSR Gossnab has been reorganized as a contracting system, all of its functions must be performed by the existing structures. This makes it incumbent upon the RSFSR State Procurements Committee to continue to interact with the USSR Gossnab. In the Baltic states, for example, there are no longer gossnabs but there are ministries of material resources; nonetheless, their managers participate in the work of the collegium of the USSR Gossnab when problems of supplying the national economy on the agenda, and assume related obligations. The main task of the transitional period is to stabilize the work of industry during the first quarter and to create conditions for the implementation of the production and procurement plan, harvesting the crops, purchasing grain for state needs and concluding economic contracts for 1991. The role of the material

and technical procurement organs under these circumstances is to prevent any reduction of the volumes of output by their fault.

The government's decision to transfer Russia's glavsnabs was also drafted jointly with the USSR Gossnab. A few of its essential features were included in it at the latter's request. For example, the old procedure of interaction between glavsnabs and enterprises and organizations belonging to the material and technical procurement system was retained. The supplying of enterprises under the jurisdiction of Union ministries and departments is under the direct jurisdiction of the USSR Gossnab and its wholesale-brokerage companies. The RSFSR State Committee for Procurements has not assumed this obligation, nor has the RSFSR Council of Ministers. There still is confusion in the division of Union and republic property. The territorial organs will interact with the RSFSR State Committee for Procurements in supplying enterprises under republic and local jurisdiction. In the case of products subject to free trade, as is the case presently, the glavsnabs will be able to work with any enterprise or wholesale-brokerage firm, Union or republic. The principle of material and technical procurements is included in the Law on Enterprises in the USSR and is not violated in any way.

In the allocation of property within the system of material and technical procurements, the property rights of any one of the sides must not be violated. According to the resolution on transferring the Russian glavsnabs to the USSR Gossnab, some of the property acquired out of centralized funds allocated by the USSR Gossnab or the Union government, will be retained. For the time being, the way the glavsnab property will be divided remains unclear; all that has been said is that the USSR Gossnab may demand its share in the transfer of the property to a stock holding company, to a leasing enterprise, etc. The USSR Gossnab and the RSFSR State Committee for Procurements will dot their i's but only after the economic treaty has been signed between the Union and the individual republics.

Nor should we break, in a fit of temper, the economic relations between the USSR Gossnab and the RSFSR State Committee for Procurements. The correlation between the Union and republic budgets will apply until the end of the year. Later on, the USSR Council of Ministers will have to initial the pertinent documents on the financial agreement between the USSR Gossnab and the RSFSR State Committee for Procurements.

During the transitional stage in the advance toward the market, the material and technical supply organs must, in addition to strengthening economic relations, play their proper role in ensuring the financial improvement of the economy. Construction projects with a low level of completion, other than those the purpose of which is to meet specialized needs and to increase the production of goods, must no longer receive supplies. New budget programs for socioeconomic development, worth in excess of 100 million rubles, other than those related to

eliminating the consequences of the Chernobyl accident, will not be accepted next year. Starting with 1 January 1991, all subsidies to enterprises, with the exception of those included in an agreed upon list, will be terminated. This also applies to enterprises included in the USSR Gossnab system will no longer be working at a loss by the end of this year. However, a large number of USSR Gossnab organizations are starting the new year as unprofitable entities and also they, naturally, will be deprived of financial support as of now.

As part of the set of financial improvements, in order to prevent any decline in the volume of output, caused by delays in payments to foreign suppliers, the USSR Gossnab has suggested the creation of an interrepublic foreign exchange fund, to pay for purchases and procurements of raw and other materials and complementing goods for industry in 1991. Some 10 billion rubles will be needed. Naturally, this would require the agreement of the foreign partners to postpone payments on loans and increased exports of domestic goods. In a period of eight months, however, our exporters have reduced their deliveries by 1.5 billion rubles. There was a decision for the government to sell abroad an additional 10 billion rubles' worth of goods from state reserves. However, this too was not carried out.

At the present time, the only stable structures in the national economy are the material and technical procurement organs. Therefore, God forbid, as the saying goes, to apply any kind of diktat or to create antagonism and egotism in their midst. If procurements become uncertain, nothing will be left to prevent regional or departmental separatism, at which point no single oblast or republic would be able to cope with problems of material and technical support for socioeconomic development plans.

O.A. Pashchenko, deputy chairman of the USSR Gossnab, spoke of this danger at the collegium meeting. In order to protect their markets, the various regions are beginning to set aside part of the output in order to meet their own needs, thus removing it from distribution stocks. By doing this they cause even greater harm to economic relations. If we were to put ourselves in the place of an enterprise director, said P.I. Mostovoy on this subject, we would understand how alarming the situation looks. Therefore, no time should be spared to explain to managers of local organs, with whose knowledge regional "lifting" of resources is taking place, the damage they are causing to the economy with such decisions. Frequently, they do not even realize that it is their own region that would lose by reducing supplies to specific consumers. Failure to meet their requirements would deprive others, thus triggering a chain reaction. In the final account, it will become clear that it is the executive committee of the local soviet which blocked the flow of goods that will find itself short of funds.

Whatever their condition after the reorganization may become, the territorial managements will be unable to manage by themselves the full set of economic relations

among enterprises within their areas. Unwittingly, they will have to establish business relations with wholesale-brokerage companies of the USSR Gossnab. However, so far there has been no movement in their direction by the Union middleman. The glavsnab chiefs have complained of this fact. All the 1991 contracts, they claim, are signed horizontally, with enterprises and territorial managements. Vertically, the companies are asking for substantial markups for procurements, and even foreign exchange. Yet when it is their turn to supply something or other, they are unwilling to assume any counterobligations. Nonetheless, it would be fair, if necessary, that in order to obtain something from regional enterprises, the firms should assume the responsibility of solving enterprise supply problems.

Naturally, the position of firm managements can be understood. Most wholesale-brokerage associations were converted to the market without turnover funds or the possibility of earning foreign exchange. However, as they become middlemen, their personnel should not forget that should they dictate the conditions to their partners they would be unable to survive. The territorial administrations could remove them from the commodity circulation system.

Fears that should the power of the center be weakened, the USSR Gossnab territorial organs could fall under the power of the executive committees of the local soviets were confirmed at the meeting of the collegium. In some areas the glavsnabs have already found themselves in such a dependent situation. What the executive committee orders the chief of the territorial administration must do and provide what, in the view of the executive committee, are the most necessary resources.

The Yaroslavl Oblast Executive Committee decided to take over the local territorial material and technical procurement agency altogether. It remained deaf even to the arguments of the USSR Gossnab to the effect that this is a Union-republic organization which supplies resources not only to enterprises in Yaroslavl Oblast but to other areas as well. It was only after the entire collective of the Yaroslavl Glavsnab opposed the intentions of the executive committee that the local authorities abandoned their intentions.

On this point, P.I. Mostovoy, who chaired the collegium meeting, cautioned the glavsnab chiefs as follows: In a situation in which a nervous search for culprits is underway, caused by confusions in the national economy, one must be watchful and avoid acting thoughtlessly. Frequent confusions develop, and it becomes necessary to pay for someone else's fault only because no timely control over the implementation of a given resolution has been provided, legal acts have not been interpreted properly, and unsubstantiated claims have been accepted. Exceptionally good information and efficiency are needed when solving one's problems.

Had the personnel of Krasnoyarskglavsnab observe this principle, they would not have found themselves in the

position of innocent victims. The local newspaper reported that the operational management of the Krasnoyarsk Kray Administration Industrial Construction Bank had declared the Timber Procurement and Marketing Administration of the Krasnoyarsk Glavsnab bankrupt due to its systematic failure to pay its suppliers and the bank. When V.N. Kononov, deputy chairman of the USSR Gosplan, asked the timber procurement personnel how many timber farms in Krasnoyarsk Kray had shown a positive balance in their accounts with the Glavsnab, they revealed their total lack of information on this matter. The timber procurement and marketing administration became insolvent because the enterprises of the Krasnoyarsk Timber Industry Administration had not repaid to it the 18 million rubles of difference between the actual rates charged for the hauling and the discount from the wholesale price owed as compensation for losses suffered by the Timber Procurement Administration, incurred in the transportation of the product. This was 6 million rubles more than the Timber Procurement Administration owed, again because it had not promptly claimed payment of the differential in settling accounts with its consumers. V.N. Kononov described this as connivance, although it was simply a case of inability and unwillingness to keep proper accounts. The market will teach us to take care of every kopek.

What is the attitude of the glavsnab managers toward the forthcoming reorganization? After the reports submitted by P.I. Mostovoy and S.V. Anisimov to the effect that, in accordance with the system included in the program, the territorial administrations were to be divided into three sections, during the intermission a spontaneous exchange of views took place in the halls. One could hear the categorical statement that "we shall not divide this store into three parts!" This was immediately followed by an explanation: "Why divide the people into black and white? Some will trade and others will serve." "We must develop an apparatus which would handle both republic and Union contracts" was heard coming from the other end of the hall.

A statement calling for the state, i.e., the contractual part of the territorial administrations to be placed under double jurisdiction was presented at the meeting of the collegium by A.M. Khrustov, chief of the Novosibirsk Main Procurement Administration; Yu.A. Akvilyanov, chief of the Ulyanovsk Territorial Administration said that no universal rule should apply and that the collectives should decide for themselves how to work both for the market and for the fulfillment of state orders.

"Logic indicates," said P.I. Mostovoy on this subject, "that if the market area of activities is to be separated from that of the state, while the state area becomes a contracting system, indeed the territorial administrations should be split into three parts. Wholesale trade enterprises would deal with the market. To this effect, they should reorganize themselves into wholesale-brokerage associations of the various autonomous republics, krays or oblasts. The contracting committee, unless separated, would serve two bosses: it would have

to obey the USSR Gosplan and the republic state procurement committees. Therefore, the suggestion submitted by some was as follows: the contracting part of the USSR Gosplan should operate in the areas of defense, communications, transportation and state reserves and secure exclusively the implementation of the Union state order. The republic orders, issued by the republics' councils of ministers, should be serviced by a separate apparatus. This is theoretically and practically possible. Clearly, there is no need to hurry, for there still is no treaty on economic cooperation between the Union and the republics. However, nor should there be any delays, for the conversion to a contractual system for material and technical fulfillment of state orders may be considered already decided.

While relying on the stability and durability of the material and technical supply system, we must not forget that inside a short period of time it had experienced several reorganizations. Initially the regional main procurement administrations were split into oblast administrations. Their subordinate procurement enterprises were converted into wholesale enterprises. On several occasions they were either converted into main administrations or given their commodity departments back. The Union main supply and marketing administrations, which dealt with interrepublic procurements, were closed down. The Russian glavsnabs were transferred from the USSR Gosplan to the newly established RSFSR State Committee for Supplies. Now the glavsnabs themselves are to be divided into three sections.

Although the reorganization of the system is taking place at the top, which entails inevitable costs, the mandatory process of converting their distribution into market structures should be viewed as beneficial, for no other so widespread and adequately equipped system for material and technical procurements exists. However, naturally, this entire shakeup left its mark in the area of the availability of territorial management cadres. Many glavsnabs are advertising for personnel, something which had never happened before. However, the people are leaving not because of any reduction in the apparatus for, judged by world standards, the wholesale level in our country is quite small, but because not only the name but the nature of the work is changing.

In the past, huge territories could be supplied without the official having to leave his office. Now, the right to allocate resources by telephone has come to an end. The officials must personally look for materials and work on a commission basis. This involves going on out-of-town assignments, fairs, auctions, exchanges and other noisy bids. In this atmosphere salesmen, dealers and brokers feel at home. Frankly speaking, to many of them these are still commercial novelties. Therefore, one must hit the books and change one's customary way of life.

However, this is also, unquestionably, an advantage which results from the reorganization of the structure of material procurements controlled by the market. This reorganization will be the last of those dictated from

above. Later, having acquired the right to self-determination, the collectives of the old *glavsnabs* will independently determine what type of activity and form of its organization would be best for them, what to market and to whom to market it, and what type of administrative machinery to have. The Law on USSR Enterprises, which will become effective starting with the new year, will grant total economic freedom to commodity producers and their brokers. We would be pleased if this were to happen in ordinary life as well.

Freedom, however, is a luxury unaffordable to many. In order for today's procurement enterprises to become trading stations, the reorganizational sieve must become even finer: we must not only reconstruct the main administrations, but also their collectives will have to be classified into marketing and nonmarketing personnel. Those who today point at enterprising people in the commercial centers, such as the *kolkhoz* chairman who went too far by becoming a private farmer, could they personally change their affiliation and become merchants?

The litmus paper test of the attitude toward future commercial activities includes the following question which P.I. Mostovoy asked of the heads of the main administrations: What is your view of the commercial centers? Some of them, not hiding their irritation, said that their opinion was negative. Yet, one way or the other, they will either have to accept trade statutes or mark time until the separation has taken place. Although the world of commerce may seem alien to some, one does not go to a monastery to preach his own brand of faith.

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## INVESTMENT, PRICES, BUDGET, FINANCE

### TU Leaders Meet With Pavlov, Demand Price Hike Compensation

914A0512A Moscow TRUD in Russian 7 Mar 91 p 1

[Article by political reviewer V. Golovachev: "What Is Life To Be Like in the Future?: The Answer to This Question Was Sought by Participants of a Meeting Between Trade Union Leaders and the USSR Cabinet of Ministers in a Discussion of the Problem of Price Increases"]

[Text] A sharp, serious dialogue occurred in the Kremlin, in the Oval Hall, where government meetings are usually conducted, between trade union leaders and USSR Prime Minister V. S. Pavlov. The topic was the same as that discussed not that long ago at a meeting of trade union leaders with the USSR president—the forthcoming increase in retail prices and social security. To me, it seemed that the heat of passion sometimes reached the

critical mark during discussion of this highly urgent problem, and this fully reflects the situation in the society.

Given the uncontrollable dance of prices, which are swiftly rising with every month without any kind of price setting reform and, as it is especially important to emphasize, without any kind of compensation to the population, and in an atmosphere of uncertainty, of a lack of confidence in tomorrow, of a total shortage of goods, of growing unemployment, of the continuing fall of the standard of living, social tension is intensifying and the people are growing angrier. In this situation, a price reform which, judging from everything, is something we can no longer do without, must be conducted in such a way that it would not cast millions upon millions more people into poverty (tens of millions are now below the poverty line), and so that it would not become the cause of dangerous destabilization of the already electrified society. This is precisely why the trade unions defended so firmly the positions which reflect the demands of the broad masses.

The meeting was attended by the USSR VKP [General Conference of USSR Trade Unions] chairman V. P. Shcherbakov, other leaders of the General Conference of USSR Trade Unions, officials of republic interunion trade union organs, the Moscow Federation of Trade Unions and the Moscow Oblast Trade Union Council, and by the chairmen of all-union sector trade unions. The government's side was represented by USSR deputy prime ministers and executives of a number of central economic departments.

Both the trade union leaders and government executives offered extremely weighty arguments in favor of their proposals as a rule. Almost everything was clear except the main thing: where the funds with which to strengthen social security are to come from, if of course we don't resort to the printing of large amounts of money, which would mean disaster to the economy. And another thing: In raising both prices and wages, how do we avoid hyperinflation, which will surely come down hard on us, like an avalanche? What makes the current situation so extraordinarily complex is that it is impossible to find any obvious, simple solutions that would satisfy everyone.

Sacrifices are unavoidable, but they must be minimized. Figuratively speaking, we need to cross a chasm over a thin pole, we need to travel a narrow trail winding its way through a minefield. However, this trail has yet to be blazed, with some appearance of a desire for agreement, for compromise.

### The Subsistence Minimum Must Be Calculated Precisely

USSR VKP chairman V. P. Shcherbakov dwelled on the major, fundamental issues requiring the fastest possible resolution. Most important among them is the need for a comprehensive system of social security for the population. It would be naive to suggest that overall growth of prices would stop immediately after a reform. This is far from so. But the standard of living cannot be allowed to



decrease forever. This means that we need measures by which to provide dependable social security—primarily by way of laws on indexing the population's income, on the subsistence minimum, on the minimum guaranteed wage, and finally, on employment. Of these four, only the last has been adopted. What about the rest? The official minimum wage today is still 70 rubles. Treating this as something serious is certainly embarrassing. According to calculations of VKP specialists, the average subsistence minimum at the end of 1990 was 170 rubles, while in Moscow for example it was 202. The minimum wage must be calculated on the basis of an approved subsistence minimum. If we are unable to attain this level right away, we must honestly reveal the subsistence minimum to the population and then work toward it in stages, insuring first 60 or 70 percent of it, then 90, and so on.

Deputy Prime Minister V. I. Shcherbakov noted that the draft ukase on the subsistence minimum has already been written, and that there is supposedly nothing to worry about. However, from my point of view his answer is not very convincing. A draft is only a draft. By the way, I read one of the versions of the draft ukase on the subsistence minimum back in October of last year. It is now March, but the ukase has still not been signed. Consequently it's too early for the trade unions to let up on their pressure.

Trade union leaders speaking at the meeting once again stressed that without a dependable, comprehensive system of social security, without adoption of the corresponding package of laws, we cannot conduct a price reform, since this would have extremely deleterious consequences.

#### **Stabilization, Wages, Taxes**

The second issue upon which the trade unions focused their attention was the need for stabilizing the economy as quickly as possible. Enterprises of textile and chemical industry are creeping to a halt, and metallurgists are experiencing serious difficulties. Wages are falling. We are talking today about compensation, but of what wage level—this one that has fallen? Would the people experience any relief in such a case?

Third. The proposed increase in wages and salaries in the productive sectors is viewed by trade unions only as a compensatory measure. We must begin preparations for a wage reform in the country at the soonest opportunity, on the basis of a determination of the value of manpower in the labor market.

The deputy prime minister agreed with this, saying that the plans were to develop a wage reform during the second quarter, so that by fall, laborers could operate under new conditions when signing collective agreements.

One other issue that was raised by the VKP leader had to do with the 5 percent sales tax. When prices increase two or three times, the tax rises sharply. Consequently as

prices increase, the amount of tax will increase as well. Isn't that too much? Consequently we need to either repeal this tax or apply it in such a way that it would not have such a strong influence on retail prices.

#### **If an Enterprise Has No Funds**

What, the trade union workers asked, are enterprises that find themselves without the funds to pay even minimum compensation to do? The government representative replied that in this case it will be possible to use sales tax and turnover tax for compensation, and possibly, direct subsidies from the budget. Nonetheless, the impression I gained is that the government has not thought this issue out in detail. Calculations by VKP specialists (with which the government also agrees) show that even many profitable enterprises will find that the funds obtained by reducing profit tax from 45 to 35 percent will never be enough to pay even minimum compensation to their workers. And won't things be that much worse for enterprises operating at low profit or at a loss? The situation is extremely serious.

#### **Why 60 Rubles' Compensation, and Not 85?**

The issue that payments in the amount of 60 rubles do not fully compensate for the additional expenses associated with the centralized price hike was touched upon during the debate. The deputy prime minister confirmed this, saying that total compensation would be 85 rubles per adult. But the government decided not to opt for wage leveling, and instead to provide more assistance to large, one-parent and young families, and to retired individuals. Moreover R19 billion were siphoned off in order to raise the wages of doctors, teachers and workers in cultural and educational institutions.

According to the calculations the total rise in prices will equal R311 billion. The plan is to provide R265 billion as compensation. For practical purposes however, V. I. Shcherbakov emphasized, we will be able to raise only R240-245 billion, and the rest of the money will have to come from somewhere else. In his words, the budget will receive nothing from the price hike. To be honest, none of this makes very much sense, but as they say, we'll live and learn.

#### **Time for a Decision: Is the Moscow General Strike a Go?**

Kazakh SSR Trade Union Federation Council chairman E. Zhakselekov: "They promised us that we won't start raising prices until we resolve the issue of compensation. But in reality, prices are increasing quickly in the country, with no compensation at all. As to who is increasing the prices—the center, the republics, the city authorities or the enterprises themselves—to the people it's all the same...." Much attention was devoted to this topic, this war of laws. An amazing, paradoxical system of many conflicting powers has evolved in the country, and the central government has found itself powerless in the face of this situation. All hopes are now on signing a Union agreement; perhaps this might be the beginning of

a return to civilized norms for the life of the state. But for the time being, it is the common people that are suffering from the war of laws.

"We are extremely sensitive to the mood of the labor collectives," said Moscow Trade Union Federation chairman M. Shmakov. "The Moscow Federation of Trade Unions submitted several complaints to the procurator concerning the illegal rise in prices. The procurator admits that yes, raising prices is illegal, but nothing is being done, no steps are being taken.... If the laws don't work, then all of our talk loses meaning. The capital's trade unions used all possible forms of influence, to include conducting negotiations with city authorities, but the result is still zero. There remains one final resource, though an extremely undesirable one—a strike. The Moscow Federation of Trade Unions worked up several requirements, including that of curbing the growth of prices until adoption of the law on indexing. Trade union meetings are currently being held in the capital. They are talking about whether or not to conduct a citywide strike. The strike law is written in such a way that a long time is required to prepare for such action—32 days. Sixteen days have already passed...."

### The Opposition

A number of trade union central committees are insisting on a 1.7-2 time increase in wage and salary rates in connection with the retail price reform. This demand is being made in particular by the miners, whose wages are extremely low today. The government's attitude toward such demands is negative. Coal extraction is falling. Just last year we lost 37 million tons according to V. S. Pavlov. This is a consequence of strikes. We even need to start talking about importing coal in order to fulfill existing long-term contracts. How under these conditions are we to double wages?

V. G. Lunev, chairman of the Central Council of the Coal Industry Workers' Trade Union, took a different approach to the problem. Noting the low level of wages in the sector, he suggested that there may be a repetition of the situation that occurred in 1989, when the demands of the miners were first termed absurd, and then the government was forced to agree to by far stiffer terms.

V. S. Pavlov's rejoinder was a surprise:

"Do you think that I know nothing about your appeal for a strike?"

"Quite the contrary," V. G. Lunev said. "It was the trade unions that kept many mining collectives from striking on the first of March, so that talks with the government could go on. Otherwise the strike would have gone on everywhere."

Incidentally, the telegram from the trade union central committee to which the prime minister referred discussed the need for conducting rallies and meetings, and

emphasized that a strike now would be a heavy burden upon the shoulders of the laborers, and it could lead to unpredictable social and political consequences. "We have not yet lost hope that the government will enter into dialogue with us," the telegram read. "But if this doesn't happen, there will be no alternative for us but a strike."

Important questions were raised in the statements made by Belorussian Trade Union Federation Council chairman V. I. Goncharik, Ukrainian Independent Trade Union Federation chairman A. M. Kovalevskiy, USSR Armed Forces Blue and White Collar Worker Trade Union Federation chairman S. A. Arzhavkin, Aviation Industry Laborer Trade Union chairman A. F. Breusov, All-Union Forestry Sector Workers' Trade Union Federation chairman V. P. Karnyushin and others.

### Money Was Brought in on 22 February

Concluding the meeting, V. S. Pavlov emphasized that the dialogue was useful, that such meetings need to be held regularly. Discussing the deadline for conducting the price reform, the prime minister replied that the deadline depends on when all of the republics reach agreement on this issue. It is impossible to reach agreement with the Russian leadership at the moment. Incidentally, money to pay anticipatory compensation (apparently so that the price reform could be started on 1 March—V. G.) was brought in as early as on 22 February. But because agreement was not reached, the deadline for the reform is being postponed.

V. S. Pavlov rejected this, citing data in his possession, and the assertion that the warehouses are full of goods but the shelves are not being stocked. Unfortunately, the true picture is totally different. In the words of the prime minister, the trade system is short in its standard reserves of goods by R18 billion.

The meeting between trade union leaders and the Cabinet of Ministers went on for around four hours. It was distinguished by maximum openness and sharpness. But it is too early, I think, to summarize the results. Time will tell what the results might be. If the heated verbal battles and debates at the negotiating table encourage the government's adoption of optimum decisions, and help to avert strikes and social upheavals that are so destructive to the economy, then it could be said that such meetings were doubtlessly successful. M. V. Shmakov ventured this idea during the dialogue: Without the support of the trade unions, not one government can remain in power today, and in precisely the same way, not one trade union can remain in power if it does not work constructively with the government. Destruction and destabilization is an unpromising, dead-end path. The country desperately needs normal constructive activity, and growth in product output, which in turn would be unimaginable in the absence of the corresponding preconditions.

## POLICY, ORGANIZATION

### Belorussian Decree on 1991 State Plan

914A0494A Minsk SOVETSKAYA BELORUSSIYA  
in Russian 8 Jan 91 p 1

[Decree of the Belorussian SSR Supreme Soviet: "On the Belorussian SSR State Plan for 1991"]

[Text] The plan for 1991 represents a most important stage in the implementation of the Declaration of the State Sovereignty of the Belorussian SSR and the republic's transition to a market economy. Its implementation, in combination with extensive introduction of new economic relations, should exert a decisive influence on the

stabilization of the consumer market and monetary circulation, the financial improvement of the economy, and the provision of balanced development of the republic's national economy.

The Supreme Soviet of the Belorussian Soviet Socialist Republic decrees:

1. To approve the Belorussian SSR State Plan for 1991 developed by the Belorussian SSR Council of Ministers.

2. To approve the most important prognosticatory indicators of the functioning of the Belorussian SSR economy in 1991 and to instruct the republic government to be guided by them in its practical work. To establish:

the gross national product, in percentages of the 1990 plan	104
the produced national income, in percentages of the 1990 plan	103.5
the structure of the used national income, in percentages:	
—of the resources for current consumption and nonproduction construction	84.8
—of the resources for expanded reproduction and other purposes	15.2
labor productivity in percentages of the 1990 plan	103.6
production of means of production in industry (group A), in percentages of the 1990 plan	101.2
production of objects of consumption in industry (group B) in percentages of the 1990 plan	105.2
production of consumer goods in 1990 retail prices—total, in percentages of the 1990 plan	113
including:	
foodstuffs	110
nonfood products	113.2

3. In order to strengthen the material base of the sociocultural sphere in 1991 using all sources of financing, to put into operation:

- residential buildings with an overall space of 7 million square meters;
- preschool institutions to accommodate 30,820;
- general educational schools to accommodate 62,070;
- boarding schools for orphans and children deprived of parental support to accommodate 340;
- clubs and houses of culture to accommodate 29,630;
- hospitals to accommodate 3,370;
- outpatient polyclinic institutions for 10,430 visits per shift;
- boarding houses for the elderly and invalids to accommodate 1,030.

4. To approve the quotas for state centralized capital investments financed from the republic budget in the amount of R806.7 million (in prices of 1 January 1991).

5. To approve for 1991 the assignments for implementing the program for cleaning up after the catastrophe at the Chernobyl nuclear power plant.

To consider the most important task of the Belorussian SSR Council of Ministers and the ispolkoms [executive committees] of the oblast and Minsk City soviets of people's deputies, and the ministries and departments of the Belorussian SSR to be maximum concentration of forces and funds on their unconditional fulfillment.

6. To establish state orders for the delivery to the Union and republic stores of consumer goods, foodstuffs, and agricultural raw material.

7. The Belorussian SSR Council of Ministers and the ispolkoms of the oblast and Minsk soviets of people's deputies are to provide for efficient utilization of centralized funds allotted for capital construction, concentrating them primarily on the construction of facilities related to cleaning up after the catastrophe at the Chernobyl nuclear power plant, the production of consumer goods, environmental protection projects, and facilities of the construction materials industry and the agroindustrial complex.

To establish the state order for the delivery of construction materials.

8. Attaching great significance to satisfying urgent social needs, to establish the state order for the start-up of residential buildings and facilities of the sociocultural sphere and municipal services.

9. The Belorussian SSR Council of Ministers and the ispolkoms of the oblast and Minsk City soviets of people's deputies are to take measures for restructuring foreign economic ties, and improving the structure and increasing export deliveries of products of the processing branches, especially machine building, increasing their ability to compete on the world market, and improving the structure of imports.

To instruct the Belorussian SSR Council of Ministers to work on the problem of producing passenger vehicles in the republic in 1991.

10. The Belorussian SSR Council of Ministers, based on the Belorussian SSR State Plan established by the present decree, is to establish for 1991 indicators for the branches, oblasts, and the city of Minsk and make them known to the ministries and departments of the Belorussian SSR, the ispolkoms of the oblast and Minsk soviets of people's deputies, and the enterprises and organizations within two weeks.

11. To instruct the Belorussian SSR Council of Ministers to consider the remarks and suggestions of the commissions of the Belorussian SSR Supreme Soviet and the Belorussian SSR people's deputies expressed during the consideration of the draft of the republic State Plan for 1991 and to make the corresponding decisions regarding them.

12. The planning, budget-finance, and other permanent commissions of the Belorussian SSR Supreme Soviet are to monitor the course of the fulfillment of the assignments of the Belorussian SSR State Plan for 1991.

*[Signed] Chairman of the Supreme Soviet of the Belorussian SSR N. Dementey, 21 December 1990, Minsk*

### **RSFSR Decree, Statute on Land for Cultivation, Individual Housing**

#### **Decree on Land Plots for Citizens**

914A0483A Moscow SOVETSKAYA ROSSIYA  
in Russian 26 Feb 91 First Edition p 2

*[Decree on Granting Land Plots to Citizens for Horticulture, Gardening, and Animal Husbandry]*

*[Text] In accordance with the decree of the RSFSR Supreme Soviet adopted on the basis of the report by the RSFSR Council of Ministers: "On the Results of RSFSR Economic and Social Development in 1990, Functioning of the Republic's Economy, the RSFSR Budget, and Price*

*Policy in the Current Year," Russia's Council of Ministers adopted the decree: "On Granting Land Plots to Citizens for Horticulture, Gardening, and Animal Husbandry."*

The decree states:

1. Councils of ministers of republics forming part of the RSFSR, kray executive committees, oblast executive committees, executive committees of soviets of people's deputies of autonomous oblasts and autonomous okrugs, rayon executive committees, and city executive committees must carry out work connected with the allocation before 15 April 1991 of land plots of up to 0.15 hectares per family to the republic's citizens who want them for horticulture, gardening, and animal husbandry. Specific sizes of land plots are determined by local soviets of people's deputies with due regard for regional possibilities.

2. The RSFSR State Committee on Land Reform and its local bodies, jointly with the RSFSR Ministry of Agriculture and Food, the RSFSR Ministry of Forestry, and other interested ministries and departments, must ensure the implementation of land management and other operations connected with the allocation of land plots to citizens for horticulture, gardening, and animal husbandry.

3. The RSFSR Ministry of Agriculture and Food, local agro-industrial formations, and managers of agricultural enterprises must immediately examine the problem of allocation of agricultural land for horticulture, gardening, and animal husbandry.

4. It must be established that in 1991 agricultural enterprises and other land users shall allocate no less than five to seven percent of the arable land, depending on its availability, quality, and local characteristics, for gardens to residents of urban settlements and rayon centers under contractual terms for temporary use for a one-year period.

As a rule, these plots must be allocated on land located along traffic arteries and hard-surface roads near urban settlements and rayon centers.

5. Councils of ministers of republics forming part of the RSFSR, kray executive committees, oblast executive committees, and executive committees of soviets of people's deputies of autonomous oblasts and autonomous okrugs must determine within a one-month period the list of industrial enterprises, organizations, institutions, kolkhozes, and sovkhozes for the purpose of development in 1991 under contractual terms of mutually advantageous production relations on the basis of cooperation in the production of potatoes and vegetables for supplying the labor collectives of these enterprises, organizations, and institutions.

6. The RSFSR State Committee on Economy, the RSFSR Ministry of Agriculture and Food, and the

RSFSR Ministry of Trade, jointly with councils of ministers of republics forming part of the RSFSR, kray executive committees, oblast executive committees, and executive committees of soviets of people's deputies of autonomous oblasts and autonomous okrugs, must prepare and submit to the RSFSR Council of Ministers within the period prior to 15 May a proposal on changing the state order for the delivery of potatoes by agricultural enterprises to cities and industrial centers in 1991 with due regard for the areas of arable land allocated for gardening.

7. Councils of ministers of republics forming part of the RSFSR, kray executive committees, oblast executive committees, and executive committees of soviets of people's deputies of autonomous oblasts and autonomous okrugs must work out and implement specific programs for rendering all possible assistance in the development of collective orchards and gardens, their cultivation, supply of planting stock and seeds for the population, organization of transport, trade, medical, and every-day services, and purchase of surplus agricultural products.

#### **Statute on Procedure of Granting Land Plots**

914A0483B Moscow SOVETSKAYA ROSSIYA  
in Russian 26 Feb 91 First Edition p 2

[Statute on Procedure of Granting Land Plots to Citizens for Construction of Individual Dwelling Houses, as Well as for Horticulture, Gardening, and Animal Husbandry]

[Text]

1. For the construction of individual dwelling houses land plots are granted to citizens on land located within the precincts of cities, workers' settlements, and rural inhabited localities.

If there is a shortage of vacant land within the precincts of inhabited localities, land plots adjoining them or located near them are additionally allocated for the construction of individual dwelling houses in accordance with the general plans (schemes) for their development.

2. Citizens, who express the desire to receive a land plot for the construction of an individual dwelling house in the territory of an inhabited locality or in a territory placed under the authority of a corresponding soviet of people's deputies, submit to the city, settlement, or village soviet of people's deputies an application, which indicates the family structure, housing conditions, and location and size of the formally requested land plot.

3. Citizens' applications for the granting of land plots for the construction of individual dwelling houses are examined by a city, settlement, or village soviet of people's deputies or, on their instructions, by a corresponding executive committee within a one-month period with the enlistment of architectural bodies and other services. A copy (excerpt) of the decision on this matter is subject to issue within a five-day period.

Within a two-week period from the day of adoption of a decision on granting a land plot architectural bodies must establish the actual boundaries of the plot and prepare the necessary data for the issue of a state document concerning the right to own the land plot.

4. For horticulture, gardening, and animal husbandry land plots are granted basically from special land reserves created in accordance with article 14 of the RSFSR Law on Land Reform.

5. In accordance with the uncovered need for land areas for the requirements of horticulture, gardening, and animal husbandry executive committees of local soviets of people's deputies, jointly with committees on land reform and land resources, also determine land plots earmarked for meeting the needs of dwellers of cities of republic, kray, oblast, and okrug subordination.

6. The population is notified of the availability of land plots for horticulture, gardening, and animal husbandry and of the place of their location and size in mass information media.

7. Workers' commissions, which include representatives of a corresponding executive committee of the soviet of people's deputies, of the Committee on Land Reform and Land Resources, and of the Committee on Ecology and Nature Use, are formed for an efficient solution of problems connected with the distribution of land plots and preparation of materials for granting them.

The membership of the commission and place of its location are brought to the population's attention through mass information media.

8. Applications for the granting of land plots to dwellers of cities of republic, kray, oblast, and okrug subordination for horticulture, gardening, and animal husbandry are submitted to workers' commissions formed in accordance with point 7 of this statute.

The application indicates the citizen's place of work and residence and his family structure, as well as the preferred place of location of the formally requested plot.

The workers' commission forms partnerships and selects land plots with due regard for available land reserves and wishes of collectives or individual citizens.

On the basis of the commission's decision the appropriate Committee on Land Reform and Land Resources prepares materials on granting a land plot and submits them to the soviet of people's deputies, its presidium, or executive committee for consideration when these rights are transferred to them.

The examination of applications for the granting of land plots for the indicated purposes and adoption of decisions on them are carried out within a 3-week period from the time of submission of an application.



9. The actual (on location) allocation of a land plot for horticulture, gardening, and animal husbandry and the issue of documents concerning the right to own or use it are carried out in accordance with the established procedure at the place of location of the land plot.

10. For the purpose of efficiently solving problems of allocation of land plots for collective and individual gardens for the 1991 season, councils of ministers of republics forming part of the RSFSR, kray executive committees, oblast executive committees, and executive committees of soviets of people's deputies of autonomous oblasts and autonomous okrugs determine the regions where there are land reserves for the granting of plots to city dwellers, to workers at enterprises, organizations, and institutions, and to collectives of citizens.

11. The right of temporary use of land plots allocated in 1991 for gardening for a one-year period is certified by a contract concluded between the land user and an enterprise, organization, institution, or collective of gardeners.

#### Deputies on Adoption of Armenian Land Law

914A0499A Yerevan GOLOS ARMENII in Russian  
31 Jan 91 pp 1, 3

[Article by N. Manucharova: "Land Code Adopted"]

[Text] That week, the parliamentary session began with an address by Levon Ter-Petrosyan, chairman of the Republic of Armenia Supreme Soviet, who informed the deputies about his trips to Lithuania and Italy.

The parliament then took up the question of the referendum planned for 17 March of this year. A declaration drafted by the three commissions of the Supreme Soviet on problems of establishing an independent statehood, foreign relations, and legal problems was submitted. Explanations were provided by Ed. Yegoryan. He noted contradictions in the resolution of the USSR Supreme Soviet: "On the Organization and Steps To Ensure the Holding of the Referendum...."

In particular, the resolution mentions the equal rights of citizens and their protection. However, it is only the Union republics that will participate in the referendum. This actually violates the rights of the population of autonomous areas. Furthermore, a number of inaccuracies exist in the very formulation and presentation of the problems. It was pointed out that if a republic does not participate in the referendum or votes against the preservation of the Union, here as well things are vague: the resolution does not say anything about the right to withdraw from the USSR. Furthermore, the speaker emphasized, one could be in favor of the Union but be unwilling to be part of it. What happens then?

All such unfinished matters and frequent violations of basic rights, and the conservative nature of the document, even compared to the existing Constitution, were the base for the draft declaration which essentially deals with refusal to participate in the referendum.

In the final account, the outcome of the debate on this item was that the adoption of a final resolution was postponed.

"We should not be the first in this matter," justifiably noted Kh. Safaryan. "Let us see what the other republics intend to do. Let us not make hasty decisions."

"The Federation Council will meet on 1 February," said Levon Ter-Petrosyan. "This will determine the position of the republics. It will be suitable to present our Supreme Soviet's view, if the Supreme Soviet empowers me to do so. The only possible formulation of the problem of the referendum, in my view, is whether we agree to remain in the Union or not. It is only the people who can answer this question."

The discussion of the Land Code could be considered the "hot" point of the agenda. The law, the purpose of which is to regulate land relations in the Republic, ensures the efficient utilization and preservation of the land, strengthens legality in the field of land relations and, above all, creates conditions for the development of all types of land use, understandably with all favorable consequences stemming from this. It is necessary....

"The land is the national wealth of the Armenian Republic. It is the property of the people who live on Republic territory.

"Every citizen of the Republic of Armenia has the **right to land**," we read in the draft law submitted for ratification.

It is unnecessary to explain what land means to the Armenian, for which reason the discussion of this law as well as, incidentally, the preceding law, on peasant and collective peasant farms, was noted for a particularly close consideration. Unlike the "free discussions," here, as a rule, the speakers were competent people.

Following are some questions which triggered concern among the deputies: land sales and use of the land for its proper purpose, specifically for the development of agricultural production.... A clear formulation was needed: should the land be granted for purposes of utilization or privatized? Other debates dealt with the right to inheritance and many other.

As an outside observer, I was interested in the problem of the "shredding" of the Ararat Valley and, in the future, the possible concentration of "our national wealth" in the hands of several tribal clans.... I am grateful to the specialists who reassured us, saying that no such thing could occur.

I believe that it will be best for the deputies themselves to discuss the fundamentals of the law.

**G. Arakelyan:**

The law makes it possible to practice all types of farming in order to ensure the efficient development of agricultural production. However, it is the people themselves who must decide and choose. Today in the countryside the most efficient form, in my view, is private farming. Unquestionably, there will be initial difficulties, including those related to the use of the equipment. For that reason, it would be expedient, for the time being, to preserve the integrity of agricultural equipment, so that the peasants could use the available equipment until better times come around, when they will be able to purchase their own. We should also preserve the technological integrity of the farms. We should not distribute the capital among the farmsteads (which, given the shortage of meat, could immediately lead to slaughtering), but develop animal husbandry in such a way as to increase the size of the herds.

Actually, the citizens are given the right to private land ownership. The amount of private plots was set at 2,500 square meters. I suggested higher rates for mountainous and foothill areas. The adoption of this motion seems important to me, for we must not adopt the same approach to land in the Ararat Plain and in the remote areas.

Generally speaking, in such areas there should be no restrictions. In accordance with the general plan for the development of the countryside, a given size of lots could be set within the village, while the remainder of the village lands be allocated according to the wishes of the rural population. Also insufficient is assigning to residents of cities and urban type settlements lots of 400 square meters. For example, we in Sisian, could allocate larger lots. I repeat, a differentiated approach is needed.

Unfortunately, the motion made by Grigor Avakyan was defeated. He suggested that 1,000 square meters be allocated for truck gardening. The size of 700 square meters was adopted. I believe such matters to be quite important, for in the final account they should contribute to solving the food problem of the rayon center population.

Some experience has already been gained in Sisian. We allocated 600 square meters each to the 600 families. The results are obvious; if we are able to allocate 1,000 square meters to each of the 3,800 families, we could feel confident that the food problem in the rayon will be solved and, in all probability, there will be some surplus which would go to the consumer market. The main thing now is for the local soviets to apply these laws accurately. Everything will depend on the work of the local soviets.

**M. Kagramanyan:**

The project submitted by the government was substantially expanded by our commission and, subsequently, by the Commission on Agrarian Problems. We tried to include in it and take into consideration even the most

minor details. We repeatedly visited Martuni, Stepanavan, Nairi and Echmiadzin. We met with the rural population and studied its suggestions.

One of the weak features in the law, which triggered conflicting opinions, was the question of paying for truck garden and dacha lots. There were a number of aspects to be looked at in this matter, but the main thing was the flexibility of our parliament which, if necessary, could amend this law and make changes as indicated by reality. Impeccable theoretical work was done.

We are returning to the peasants the land and the right to private ownership of the land, of which they were deprived as early as 1923.

**N. Manaseryan:**

In addition to the Land Code, the Law on Peasant and Collective Peasant Farms is of basic significance from the viewpoint of the need for an agrarian reform. In the 60 years since the coercive collectivization, the so-called public but, in fact, semi-feudal, kolkhoz-sovkhoz farming not only failed to yield positive results but led to a degradation in all areas and the loss of a significant share of the existing potential. It has long been obvious to the scientists that the peasant must be emancipated by restoring private farming. It is on this basis that the various forms of farming can be developed. A predisposition for private farming is genetically inherent in our people.

Furthermore, it is important, in carrying out the reform, to prevent stereotypes and to adopt a differentiated approach to the mountainous and the flat areas. This applies to the NKAO [Nagorno-Karabakh Autonomous Oblast].

Only thus will it be possible to implement the food program and to restore the free individual (for this is an economic category as well).

Legally adopted laws will function at the first stage of the reform, later followed by market mechanisms. As a whole, I look at the future of these reforms with great optimism.

\* \* \*

On Tuesday morning, without a single vote "against," and with applause, the parliament passed the Land Code. G. Arutyunyan, who chaired the session, congratulated the deputies for this truly historic event. Now the law must be "baptized" by life.

The next item on the agenda is also exceptionally important. It deals with "Nairit." The results of the debates on this item will be described in one of the forthcoming issues of our newspaper.

**Decree on Implementation of Armenian Law on Peasants, Collective Farms**

914A0534A Yerevan GOLOS ARMENII in Russian  
13 Feb 91 pp 1, 3

["Decree of the Republic of Armenia Supreme Soviet on the Implementation of the Republic of Armenia Law 'On Peasant and Collective Peasant Farms'"]

[Text] The Republic of Armenia Supreme Soviet decrees:

1. To implement the Republic of Armenia law "On Peasant and Collective Peasant Farms" as of 20 February 1991.

2. Until the legislation of the Republic of Armenia is brought into correspondence with the Republic of Armenia law "On Peasant and Collective Peasant Farms," existing acts of the republic's legislation will be applied to the extent that they do not contradict the law.

3. At population centers where there are no appropriate soviets of people's deputies, the functions of choosing a form for allotting plots of land and for granting lands will be carried out by rayon commissions for land reform and privatization; in population centers where the local organs of government are not yet in their final form, these functions will be carried out by local commissions for land reform and privatization formed from representatives of elected people's deputies and the local population. In the indicated instances the choice of the form for allotting plots of land and for granting land will be carried out by the appropriate rayon soviets of people's deputies.

4. To establish a two-year deadline for the process of land reform and privatization beginning 20 February 1991.

To establish that commissions for land reform and privatization will halt their activity at the expiration of this deadline and will transfer their powers to the appropriate soviets of people's deputies.

The activities of the commissions on land reform and privatization may be halted prior to the established deadline by decision of the appropriate superior commission if they have accomplished the tasks with which they have been entrusted.

5. The provisions of the first and second sections of the Republic of Armenia law "On Peasant and Collective Peasant Farms" having temporary application will function until the end of the process of land reform and privatization.

6. The right to purchase plots of land for property in order to start peasant and collective peasant farms in accordance with the sequence established in Article 6 of the law "On Peasant and Collective Peasant Farms" is realized according to the following procedure:

Beginning 20 February 1991 applications to start peasant and collective peasant farms according to procedure established by the Republic of Armenia Council of Ministers will be presented during a 15-day period to the appropriate commissions for land reform and privatization, which will separate out the presented applications in accordance with the sequence established by the law for purchasing plots of land as property. If, after granting plots of land according to the established procedure to people who have the most immediate right to purchase land for property, there are free plots of land

left over, they will be granted to the next in sequence so long as this does not contradict the technical capabilities for the organization and conduct of agricultural efforts. Otherwise, realization of the right to own land following the sequence is put off until 1 February 1992, and the undistributed arable land will be treated as lands of the reserve fund and, by representation of the appropriate commissions for land reform and privatization, will be granted by the local soviets of people's deputies for temporary use on leasing principles.

7. Farmhouse plots will be allotted free of charge if families (homesteads) were formed prior to 20 December 1990 and have applied to receive a private plot in accordance with established procedure.

8. In the implementation of the process of land reform and privatization, to proceed from the need to preserve existing livestock, especially cattle that give milk. With the goal of preserving the female component of the cattle, to grant peasant, collective peasant, and other forms of farms declaring their wish to undertake the breeding of livestock the most immediate right to lease land of the reserve fund, as well as other opportunities to ensure the fodder base.

9. For individual population centers in which, based on the small sizes of the allotments that have been calculated, the conduct of a peasant farm is technically impossible, the Republic of Armenia Council of Ministers may stipulate them [as published] when granting plots of land as property toward the indicated goals with the application of a collective form of ownership of land. Technologically permissible minimum and maximum sizes of plots of land granted for the conduct of a peasant farm are established by the central commission for land reform and privatization.

10. In individual population centers of border rayons of the Republic of Armenia, the central commission for land reform and privatization may, after application by the rayon commission, rule on postponement of the process of land reform and privatization.

11. The maximum number of individual plots of land of the arable land granted for private ownership in order to run a peasant farm is determined by the local commission for land reform and privatization with representation for approval by the superior commission.

12. During the year the land is purchased as property, the new owners of lands planted with annual crops of abolished kolkhozes [collective farms] and sovkhoses [state farms] are responsible for the obligations of the former farms in terms of the maintenance and harvesting of crops and of state grain purchases, the volume of which is determined by the ratio of the arable land of the new owners of plots to the abolished farms, and which is subject to fulfillment in accordance with new contract prices.

13. To establish that, prior to completing the sale of existing basic funds and other property of abolished



kolkhozes and sovkhozes, provisions for the safety of the aforementioned assets and organization of the necessary efforts are made by the leaders and appropriate officials of the former farms—under the control of the local soviets of people's deputies.

14. To disseminate to the subsidiary farms of state enterprises, institutions, and organizations of the Republic of Armenia and to interfarm cooperatives producing agricultural output, the procedure for carrying out land reform and privatization on sovkhozes and kolkhozes. To charge the Republic of Armenia Council of Ministers with establishing prior to 20 February 1991, a procedure for compensating the expenditures of the aforementioned enterprises, institutions, and organizations, as well as interfarm cooperatives in the event they are abolished.

15. When granting plots of land of agricultural enterprises situated in rayon centers and cities as property, the size of the plot is calculated based on the rule that it should not exceed the size of the average plot for that rayon.

16. To grant the Republic of Armenia Council of Ministers the right in the course of land reform and privatization to stipulate in individual instances other conditions for the use of plots of land granted on leasing principles.

17. The procedure and dates for the convocation of general assemblies of members of kolkhozes, workers of sovkhozes, and adult residents of population centers are established by the rayon commissions for land reform and privatization together with the appropriate local soviets of people's deputies.

18. At the representation of the local councils of ministers for land reform and privatization, agricultural specialists working in agricultural production five or more years may receive a plot of land as property on an equal basis with the permanent residents of the population center in which they work if they declare their desire to arrange for permanent residence in that population center.

19. To charge the Republic of Armenia Council of Ministers with presenting the following for examination to the Republic of Armenia Supreme Soviet prior to 15 February 1991:

—a draft legislative act stipulating privileges for ownership of plots of land, as well as of nonagricultural lands with the goal of promoting agriculture in mountainous, remote, and abandoned rural population centers, and of establishing a procedure for disposing of these plots of land;

—a draft legislative act establishing income tax privileges for peasant and collective peasant farms in mountainous, remote, and abandoned rural population centers;

—a proposal on targeting ways of spending assets formed from partial compensation for plots of land granted as property;

—a proposal on the maximum sizes of plots of land making up the property of peasant and collective farms.

20. To charge the Republic of Armenia Council of Ministers:

—with ensuring by 15 April 1991, the adoption of legal acts directed at the regulation of issues delegated by the Republic of Armenia law "On Peasant and Collective Peasant Farms" to the jurisdiction of the administration of the Republic of Armenia;

—prior to 20 February 1991, with bringing the decrees of the government of the republic into correspondence with the Republic of Armenia law "On Peasant and Collective Peasant Farms";

—prior to 20 February 1991, with ensuring the examination and abolishment by ministers, state committees, and departments of the Republic of Armenia of their own normative acts contradicting the Republic of Armenia law "On Peasant and Collective Peasant Farms";

—prior to 20 February 1991, with presenting to the Republic of Armenia Supreme Soviet proposals on bringing the legislative acts of the Republic of Armenia into correspondence with the Republic of Armenia law "On Peasant and Collective Peasant Farms."

*[Signed] L. Ter-Petrosyan, chairman of the Republic of Armenia Supreme Soviet*

*A. Saakyan, secretary of the Republic of Armenia Supreme Soviet*

*[Dated] 4 February 1991, Yerevan*

### **Kazakh Law on Freedom of Economic Activities, Business Undertakings**

#### **Text of Law**

*914A0486A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 15 Jan 91 p 2*

*[Text of law signed by N. Nazarbayev, president of the Kazakh Soviet Socialist Republic: "Kazakh SSR Law on Freedom of Economic Activities and Development of Business Undertakings Within the Kazakh SSR"]*

*[Text] The present law defines the basic legal, economic, and social conditions and guarantees ensuring the freedom of entrepreneurial activities of citizens and juridical persons when exercising their rights of ownership and entrepreneurship.*

### I. General Provisions

#### Article 1. Business undertakings within the Kazakh SSR

A business undertaking within the Kazakh SSR is an economic or other activity, initiated, within the framework of existing legislation, on the basis of private, borrowed, and other properties and means, with the goal of obtaining mutually beneficial results and earnings for all participants in this activity.

#### Article 2. Subjects of entrepreneurial activity

Within the Kazakh SSR, subjects of entrepreneurial activity (henceforth, entrepreneurs) may be:

- juridical persons of the Kazakh SSR and other union republics;
- citizens of the Kazakh SSR and other union republics, and also persons without citizenship, excluding persons whose legal competence has been restricted by procedures established by law;
- foreign juridical persons;
- foreign citizens, excepting those whose legal competence has been restricted by procedures established by the laws of the Kazakh SSR or by laws, recognized by the Kazakh SSR, of their country of residence.

#### Article 3. Freedom of entrepreneurial activity

Entrepreneurs have the right, on their own initiative, to reach all decisions and carry out any activities concerning utilization of property legally at their disposal, if these do not violate existing legislation of the Kazakh SSR and are secured by established property or other responsibility.

The right of entrepreneurial activity can be limited only by law.

#### Article 4. Spheres of entrepreneurial activity

Spheres (areas) of entrepreneurial activity are not restricted if, in the course of it, forms of activity exercised, methods and means used, and also results and earnings do not fall among those prohibited by the legislation of the Kazakh SSR.

In order to carry out types of activity that are subject to licensing, an entrepreneur is obligated to obtain a license following procedures and under conditions established by the Kazakh SSR Cabinet of Ministers.

#### Article 5. Legislation concerning freedom of economic activity and development of business undertakings

Entrepreneurs are guided in their activities by the Kazakh SSR Constitution, the present law, and legislative acts of the Kazakh SSR that are not in conflict with it.

In the case of a discrepancy between the legislative acts of the Kazakh SSR and international legal acts, the international legislative act is effective.

### II. Organizational conditions of carrying out entrepreneurial activity

#### Article 6. Organizational forms of business undertakings

Business undertakings within the Kazakh SSR are carried on in the following organizational forms:

- enterprises, with any forms of ownership and associations established by them;
- economic and other societies and companies;
- funds and other social organizations empowered to carry out entrepreneurial activity;
- private business undertakings.

#### Article 7. Right to creation and transformation of organizational forms of business undertakings

Entrepreneurs have the right to carry out their activities in any, including mixed, organizational forms established by the present law. No authorization is required for their creation (establishment) and reorganization, and also their transformation from one form to another, other than in cases defined by the legislation of the Kazakh SSR.

#### Article 8. Legal competence of citizens for business undertakings

The legal competence of a foreign citizen is confirmed following procedures established by the legislation of the country of his permanent residence.

Directors of organs of state power and administration are forbidden to engage in business undertakings during the course of their work within the indicated organs.

Business undertakings are forbidden to persons deprived of the corresponding right in accordance with the sentence of a court.

#### Article 9. Legal competence of juridical persons for business undertakings

Legal competence of juridical persons for business undertakings does not require additional confirmations beyond those presented during registration.

#### Article 10. Registration of business undertakings

Entrepreneurs are obligated to register their activity in the executive committee of the soviet of peoples' deputies at the place of the activity or at the place of location of the administrative organ of the corresponding entrepreneur.

Registration does not bear a decisive character and consists of confirmation that founding documents have been correctly formulated and issuance of certification of an established form.

The registering organ has the right, through an independent auditing service, to conduct a verification of the availability of the declared initial property (capital) of the entrepreneur and, if discrepancies are uncovered, to deny state registration.

Officials carrying out registration do not have the right to demand from entrepreneurs, upon their declaration of initial property, the provision of a declaration regarding its sources.

The composition of founding documents is established by the legislation of the Kazakh SSR regarding corresponding forms of entrepreneurial activity. It is forbidden to demand information and documents not stipulated by the indicated legislation.

Certification of registration must be issued by the registering organ within a month's time. Simultaneously, information concerning the registered entrepreneur is to be sent to the tax inspectorate and to state statistical organs.

The Kazakh SSR State Committee for Statistics shall maintain the state register of subjects of entrepreneurial activity within the territory of the Kazakh SSR.

Denial of state registration or a delay in time periods for it may be appealed in court.

Payments for registration and stamp duty, in amounts determined by the local soviet of peoples' deputies, shall be deposited in the budget of this soviet.

### **III. Utilization of the labor of citizens in carrying out entrepreneurial activities**

#### **Article 11. The right of the entrepreneur to utilization of hired labor**

An entrepreneur has the right to conclude agreements (contracts) with citizens about utilization of their labor.

Work for hire for entrepreneurs is forbidden to directors of organs of state power and administration during their employment in the indicated organs.

#### **Article 12. Social guarantees in utilization of the labor of citizens**

When utilizing the labor of citizens, an entrepreneur is obligated to provide the workers with working conditions corresponding to the laws of the Kazakh SSR, payment not less than the minimum amount, and also other social and economic guarantees, including provision for social insurance and social security.

A collective understanding (agreement) between the entrepreneur and the labor collective or between organs empowered by them, and also an understanding (contract) between an entrepreneur and a worker may not contradict effective Kazakh SSR labor legislation.

In the event disagreements arise when concluding or implementing a collective understanding (agreement)

and an understanding (contract) with a worker, these are resolved according to procedures established by law.

### **IV. Responsibility of the Entrepreneur**

#### **Article 13. General conditions of entrepreneurial responsibility**

An entrepreneur, in carrying out economic activities, must not violate environmental protection legislation and the rights and interests of citizens, enterprises, institutions, organizations, and the state that are protected by law.

An entrepreneur bears property or other responsibility envisaged by existing law for damages caused, to the point of cessation of entrepreneurial activities in accordance with court procedures.

#### **Article 14. Responsibility with regard to firm and product markings**

Articles and types of services introduced by an entrepreneur into economic turnover are subject to marking with an indicated commodity mark or service mark. Registration of commodity marks and service marks is accomplished following established procedures.

Appropriation of the commodity marks and service marks of others is prosecuted in accordance with law.

#### **Article 15. Responsibility for unscrupulous competition**

The following are forbidden and prosecuted in accordance with the law:

- actions by an entrepreneur aimed at undermining the reputation of a competitor;
- any agreements between entrepreneurs regarding setting production quotas, dividing up sales, supply, and services markets, and monopolistically maintaining high or low prices, with the aim of obtaining excessive profits or driving a competitor to bankruptcy on this basis.

Earnings unjustifiably received as a result of inflation of prices and limitation of free competition shall be confiscated and assigned to the local budget.

#### **Article 16. Sanctions on the entrepreneur**

Financial, environmental protection, and law enforcement organs may apply the following sanctions to an entrepreneur whose actions violate the requirements of the present law:

- monetary fines;
- establishment of supervision;
- restrictions in terms of price formation;
- deprivation (temporary or permanent) of a license (patent) for a particular type of activity;
- confiscation, in keeping with a court decision, of property, all or in part;
- cessation of the activities of the entrepreneur.

**Article 17. Economic and other disputes**

An entrepreneur or person empowered to represent him may, following established procedures, dispute any actions of other entrepreneurs or state organs, as well as claims presented and sanctions imposed by them, with the exception of those imposition of which is not subject to dispute, according to the law.

Court and arbitration organs have the right not to accept for review a matter concerning economic disputes if the counter-agents, before conclusion of the disputed agreement, have not exchanged documents concerning their financial situation, verified by an independent auditing service.

**Article 18. Property responsibility**

The full or limited material responsibility of an entrepreneur is established in dependence upon the organizational form of entrepreneurial activity selected. The form of responsibility is indicated in the founding documents and is taken into account at registration.

Under full responsibility, an entrepreneur answers to his creditors with all his moveable and immovable property, including personal property, which may be subject to confiscation.

With limited responsibility, an entrepreneur answers only with that property which is at his disposal.

Property claims of creditors are applied to the heirs of an entrepreneur in an amount that does not exceed the inherited property, following deduction of inheritance taxes.

**Article 19. Bankruptcy, reorganization, and liquidation of the activities of an entrepreneur.**

At the representation of financial organs, an entrepreneur is declared by a court to be bankrupt if the amount of indebtedness presented to him for payment has exceeded the value of declared movable and immovable property belonging to him and he has not liquidated it within a period of ten days.

Reorganization or liquidation of the activities of an entrepreneur are accomplished following procedures established for the specific organizational form of business undertaking.

**V. The Entrepreneur and the State****Article 20. Guarantees of various rights of entrepreneurial activity**

The Kazakh SSR guarantees entrepreneurs equal rights, irrespective of selected organizational form of entrepreneurial activity and form of ownership

Entrepreneurs enjoy equal rights of access to financial, labor, natural, intellectual, and informational resources (under conditions of competition and payment), in price

formation, provision of credits, and in investment, foreign economic, and other activities.

Entrepreneurial activities are provided with material and technical resources on the basis of their free acquisition on the market and from producers, intermediary supply organizations, and also other sources.

Centralized provision of state-distributed resources is accomplished only under a state order accepted by the entrepreneur, if other provision is not envisaged by special decisions of the Kazakh SSR Cabinet of Ministers.

**Article 21. State regulation of business undertakings**

Interference in the activities of an entrepreneur by state and public organs and their officials is not permitted except in cases envisaged by the legislation of the Kazakh SSR.

State administrative organs build their relationships with entrepreneurs by utilizing:

- tax and finance and credit policy, including the establishment of rates for taxes and interest for state credits, tax and other benefits, and amounts of economic sanctions;
- legislative regulation of price formation policy;
- antimonopoly legislation;
- state ownership and the system of reserves, licenses, concessions, leasing, social, ecological, and other standards;
- foreign trade and currency policy;
- state orders;
- scientific and technical, economic, and social programs.

The mutual relationships of an entrepreneur and an owner of property when conducting entrepreneurial activities are regulated by Kazakh SSR legislation on property, rent, and other acts.

The Kazakh SSR ensures freedom of competition between entrepreneurs and protects consumers from manifestations of monopoly practices in all spheres of entrepreneurial activity.

**Article 22. Foreign economic activity by an entrepreneur**

An entrepreneur has the right independently to conduct foreign economic activity in accordance with the laws of the Kazakh SSR.

Earnings of an entrepreneur from foreign economic activities fall to his full disposal.

Rates of taxes to the budgets of the corresponding soviets of peoples' deputies are regulated by legislation.

An entrepreneur may acquire foreign currency at specially held auctions or from the State Bank at the effective market exchange rate. Confiscation of hard currency funds from an entrepreneur is prohibited.

**Article 23. Economic activity and business undertakings of foreign citizens and of persons without citizenship**

Foreign citizens as well as persons without citizenship that engage in economic and entrepreneurial activities within the territory of the Kazakh SSR enjoy equal rights with citizens of the Kazakh SSR, taking account of special norms in respect to these persons who are regulated by other legislative acts.

**Article 24. Special characteristics of business undertakings in certain sectors of the national economy**

Special characteristics of business undertakings in certain sectors of the national economy, connected with their specific nature, and also the list of types of activities, within which business undertakings are not permitted or require licensing in connection with heightened requirements for operational safety and with the necessity of reliably safeguarding the lives of the population or of centralizing administrative functions, are established by the Kazakh SSR Supreme Soviet.

**Decree on Law's Implementation**

914A0486B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 15 Jan 91 p 2

[Text of decree signed by Kazakh SSR Supreme Soviet Chairman Ye. Asanbayev: "Decree of the Kazakh SSR Supreme Soviet on Implementation of the Kazakh SSR Law: 'On Freedom of Economic Activity and Development of Business Undertakings Within the Kazakh SSR'"]

[Text] The Supreme Soviet of the Kazakh Soviet Socialist Republic decrees:

1. The Kazakh SSR law: "On Freedom of Economic Activity and Development of Business Undertakings Within the Kazakh SSR" shall be implemented from the day it is published in the press.
2. The Kazakh SSR law: "On Freedom of Economic Activity and Development of Business Undertakings Within the Kazakh SSR" is to be applied to legal relationships arising after implementation of the present law.
3. The Kazakh SSR Cabinet of Ministers shall:
  - within a period of one month, approve measures ensuring realization of the cited law;
  - within a period of one month, introduce proposals within the Kazakh SSR Supreme Soviet with regard to changing and bringing existing legislation of the Kazakh SSR into conformity with the present law;
  - within a period of one month, ensure the review and change of governmental and sectoral normative acts, including instructions, that conflict with the present law.

4. The Kazakh SSR Procuracy and the Kazakh SSR Supreme Court shall review criminal cases concerning private entrepreneurial activities in accordance with the present law from the day of its implementation.

**Uzbek Decree on Registration of Joint Enterprises Issued**

914A0495A Tashkent PRAVDA VOSTOKA in Russian 4 Jan 91 p 1

[Report by UZBEK TELEGRAPH AGENCY: "In the Cabinet of Ministers of the Uzbek SSR President"]

[Text] The Cabinet of Ministers of the Uzbek SSR President passed a resolution on the registration of joint enterprises on the territory of the Uzbek SSR.

With a view to developing principles of economic independence of the Uzbek SSR, and pursuant to the USSR law: "On the Foundations of Economic Relations Between the USSR and Union and Autonomous Republics," the Cabinet of Ministers resolved that joint enterprises, international associations and organizations with the participation of Soviet and foreign enterprises, organizations, and companies (henceforth referred to as joint enterprises) are to be registered by the Uzbek SSR Ministry of Finance.

The Uzbek SSR Ministry of Finance was instructed to develop procedures for registering joint enterprises, international associations and organizations set up in the territory of Uzbekistan with the participation of Soviet and foreign enterprises, organizations, and companies, and to conduct, beginning on 1 January 1991, a reregistration of joint enterprises and branches of joint enterprises operating on the territory of the Uzbek SSR.

The Cabinet of Ministers of the Uzbek SSR president agreed with the proposal of the Uzbek SSR Ministry of Finance to set a fee for registering a joint enterprise or the branch of a joint enterprise at 250 rubles, to be subsequently contributed to the revenue side of the republic budget.

**Kazakh Enterprise, Association, Organization Taxation Draft Law**

**Text of Law**

914A0470A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 4 Jan 91 pp 2-3

[Draft Law of the Kazakh Soviet Socialist Republic on Taxes on Enterprises, Associations and Organizations]

[Text] In accordance with this law, enterprises, associations and organizations pay the following taxes: profit tax; turnover tax; export and import tax; tax on transportation resources, power-driven machines and mechanisms; manpower tax; kolkhoz farmer wage fund tax.

In accordance with existing legislation of the Kazakh SSR, local soviets of people's deputies set local taxes collected on their territory.



**Chapter I. Profit Tax****Article 1. Payers of the Tax****1. Payers of profit tax are:**

a) cost-accounting enterprises, associations and organizations possessing an independent balance and existing as legal persons (besides the Kazakh Republic Bank of the USSR Gosbank), including joint ventures established on Kazakh SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens, international associations conducting business and located on Kazakh SSR territory, and affiliates of joint ventures created on the territory of other countries in partnership with the republic's enterprises, associations and organizations;

b) organizations that are not cost accounting but which receive income from business and other commercial activity, except for budget-funded organizations and state enterprises, and cultural and art organizations;

c) international nongovernment organizations (associations) conducting business and other commercial activity.

Payers of profit tax indicated in this paragraph are subsequently referred to as "enterprises."

2. The procedures for taxing the profit of foreign legal persons and the amount of the tax are determined in Chapter II of this law.

**Article 2. Computation of Taxable Profit**

1. Taxable profit is computed on the basis of balance profit, which is the sum of profit from the sale of products (jobs, services) and other material valuables, and income from collateral [vnerealizatsionnyye] operations, less the sum of the expenses of these operations.

Profit from the sale of products (jobs, services) is defined as the difference between income from the sale of products (jobs, services) in existing prices, less turnover tax, and outlays on the production and sale of these products, including the cost of products (jobs, services).

Income from (expenditures on) collateral operations includes: income obtained from proportional participation in joint ventures, from the leasing of property, from dividends from stocks, bonds and other securities belonging to enterprises, and other income from (expenditures on) operations not directly associated with the production of products (jobs, services) and their sale, including sums obtained and paid in the form of economic sanctions and compensation for losses.

Sums entered into the budget in the form of sanctions in accordance with legislation of the USSR and the Kazakh SSR out of profit remaining at the disposal of the enterprise are excluded for tax purposes from expenditures on collateral operations.

2. Balance profit is also reduced by the amount of rent (paid from profit in accordance with the established procedure), by the amount of dividends obtained from stocks, bonds and other securities belonging to the enterprise, by the amount of income obtained from proportionate participation in joint ventures, and by the amount of deductions allocated in accordance with established norms for the construction, repair and maintenance of local motor roads (including oblast roads).

3. In calculating taxable profit, the balance profit of commercial banks, including cooperative banks, and of joint ventures involving the participation of Soviet legal persons and foreign legal persons and citizens is reduced by the amount of deductions into reserve funds or funds of similar purpose belonging to such enterprises, until attainment of the dimensions of these funds established by legislation of the Kazakh SSR, but not more than 25 percent of the charter fund.

4. Except in the case of budget-funded organizations, tax is collected from organizations which are not cost-accounting enterprises and which receive income from business and other commercial activities on the basis of the total by which income exceeds expenditures associated with this activity.

5. Profit (the excess of income over expenditures) received both in the Kazakh SSR and beyond its borders is taxed in accordance with the procedures foreseen by this chapter.

**Article 3. Outlays on Production and Sales of Products (Jobs, Services) Included in Product Cost**

1. In determining profit, the cost of products (jobs, services) includes material outlays, depreciation deductions for total restoration of fixed productive capital, wage expenses, state social insurance deductions, mandatory medical insurance deductions, mandatory property insurance payments, interest payments on short-term bank loans, except for interest on overdue and deferred loans and loans obtained to cover a shortage of internal working capital, as well as other outlays on production and sale of products, including expenditures on all forms of repairs of fixed productive capital. Enterprises creating a repair fund in accordance with USSR legislation include deductions into this fund as part of their outlays.

2. Material outlays include outlays on raw and basic materials (less the value of returnable wastes) purchased articles and semifinished products, auxiliary materials, fuel and energy, outlays associated with the use of natural raw materials (deductions to cover outlays on geological exploration and geological mineral prospecting, outlays on land reforestation, fees paid for standing timber, and fees paid for water acquired by industrial enterprises from water management systems, within set limits), and outlays on production-associated jobs and services carried out by outside enterprises and organizations.

3. Depreciation deductions intended for full restoration of fixed productive capital, including accelerated depreciation of active capital, are made in accordance with legislation of the USSR and the Kazakh SSR.

Joint ventures created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens make depreciation deductions for complete restoration on the basis of norms and in accordance with procedures established for Soviet enterprises, unless foreseen otherwise by the founding documents of the joint venture.

4. Wage expenses include wages calculated on the basis of piece rates, rates of tariff and salaries set depending on the results of labor, its quantity and quality, stimulatory and compensatory payments of bonuses to laborers, executives, specialists and other white collar workers for production results, and on the basis of other wage terms corresponding to the wage forms and systems employed at enterprises; payments made on the basis of the year's work results, determined in accordance with the established procedure, are also included for sovkhozes, kolkhozes and other agricultural enterprises.

The cost of products (jobs, services) does not include the following monetary payments and payments in kind: material assistance, payments for extra leave provided to workers, including women raising children, by a decision of the labor collective (above the leave time foreseen by law), pension bonuses, one-time assistance to retiring labor veterans, income (dividends, interest) paid on the stocks of a labor collective and contributions of members of a labor collective to the property of an enterprise, and other payments made out of profit remaining at the disposal of the enterprise and out of special sources.

5. The particulars concerning the composition of outlays included in the cost of products (jobs, services) are established in individual national economic sectors in accordance with a procedure foreseen by the Kazakh SSR Cabinet of Ministers.

#### Article 4. Tax Rates

1. Profit within the limits of the profitability level determined for specific sectors in accordance with a procedure established by the Supreme Soviet of the Kazakh SSR at the request of the Cabinet of Ministers of the Kazakh SSR is taxed at a rate of 45 percent.

2. In the event that profitability is attained due to growth of prices, and it exceeds the maximum level, the profit corresponding to this increment is taxed according to the following rates:

—80 percent—when the maximum level is exceeded by up to 10 points inclusively;

—90 percent—when the maximum level is exceeded by more than 10 points.

#### Article 5. Tax Rates for Individual Types of Taxpayers and the Procedure for Paying Tax Into the Budget

1. The following profit tax rates are established for individual types of taxpayers:

a) for banks, including cooperative and commercial banks, and insurance organizations—55 percent;

b) for joint ventures created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens:

—30 percent, if the share of the foreign partner in the charter fund exceeds 30 percent;

—on the basis of rates foreseen in Paragraph 1, Article 4 of this law, if the share of the foreign partner in the charter fund is 30 percent or less of the property of subjects of the Kazakh SSR.

When a joint venture is liquidated, the unutilized sum of its reserve fund is subject to taxation on the basis of the rate established for this enterprise;

c) for consumer societies, their unions, and consumer cooperative enterprises, associations and organizations under the Kazpotrebsoyuz [Kazakh Union of Consumer Societies] (except banks)—35 percent;

d) for public organizations (except creative unions), their enterprises, associations and organizations, as well as religious organizations and their enterprises—35 percent;

e) for production cooperatives (except agricultural ones), their unions and associations—on the basis of rates established by local soviets of people's deputies, but not more than 45 percent. Such a restriction is not applied to marketing-procurement, public food services, intermediary and entertainment cooperatives.

Tax rates may be differentiated depending on the type of production cooperatives, the purposes of their activity, their contribution to satisfying the population's demands, the conditions of material and equipment supply and of the sale of products (jobs, services), price-setting conditions, and the ratio of the number of members of a cooperative to the number of persons hired to work in the cooperative.

Cooperatives carrying out several types of activity (multiprofile cooperative) pay profit tax on the basis of rates established for the type of activity that is primary to them (as determined from total receipts from the sale of products (jobs, services)).

Affiliates and branches of production cooperatives pay tax in the name of the cooperatives at their locations.

f) for sovkhozes, kolkhozes (including fishing kolkhozes) and other agricultural enterprises, irrespective of the forms of ownership, 10 percent;

—for consumer service enterprises—15 percent;

—for municipal management enterprises—20 percent;

g) for enterprises within the composition of the local economy classified as being under communal ownership—on the basis of rates established by local soviets of people's deputies, but not more than 45 percent.

2. Tax rates for enterprises listed in subparagraphs "b" and "g" of Paragraph 1 of this article (except for kolkhozes, sovkhozes and other agricultural enterprises) are adopted in relation to the maximum profitability level. When profitability exceeds the maximum level, profit corresponding to this increment is taxed on the basis of rates foreseen in Paragraph 2, Article 4 of this law.

3. The total of profit taxes and taxes for natural resources (except for amounts treated as the cost of products (jobs, services) in accordance with Paragraph 2, Article 3) must not exceed the maximum amount of profit tax calculated on the basis of the rates established in accordance with the procedure foreseen in Paragraph 1 of this article.

#### Article 6. Tax Exemptions

1. Taxable profit calculated in accordance with Article 2 of this law is reduced by:

a) the sum of outlays of enterprises to fund capital investments (when depreciation assets intended to fund capital investments and amounts collected for disposed-of property are insufficient), for scientific research and experimental design work, and for preparing and introducing new and progressive production procedures and types of products (including machine building products supplied for export for freely convertible currency);

b) the total of outlays used to pay off loans granted to finance centralized state capital investments (for a term foreseen by the loan agreement), in the absence of assets intended to finance capital investments;

c) the total of outlays associated with nature protection measures;

d) the total of outlays funded by profit remaining at the disposal of enterprises in accordance with outlay standards approved by local soviets of people's deputies, and made to maintain public health facilities, homes for the aged and disabled, children's preschool institutions, Pioneer camps, cultural and sports facilities, institutions of public education, and facilities in the housing fund that are on the balance of these enterprises, and outlays associated with the transfer of housing and of engineering and utility networks to the balance of local soviets of people's deputies, and outlays on their further maintenance;

e) donations to public culture and art funds, to cultural, benevolent and charitable public organizations, and to creative unions established in accordance with the law, and donations to enterprises, organizations and institutions in culture, public education, public health, social welfare, physical culture and sports, up to an amount not exceeding 2 percent of total taxable profit determined in accordance with Article 2 of this law;

f) the total of outlays by enterprises (except agricultural enterprises and consumer cooperative enterprises) to assist agricultural enterprises in building rural facilities and acquiring equipment for them, up to an amount not exceeding 1 percent of total taxable profit, determined in accordance with Article 2 of this law;

g) an amount equal to 30 percent of the profit of enterprises employing the labor of persons who have retired due to age and disability, if the average annual number of this category of workers is not less than 50 percent of the total number of workers employed at the enterprise, or an amount equal to 20 percent of profit if the number of persons retired due to age and disability is from 30 to 50 percent of the total number of workers at the enterprise. This exemption can be taken by the following types of enterprises:

—folk arts and crafts businesses;

—specialized enterprises of local industry and consumer services;

—joint ventures created in the Kazakh SSR with the participation of foreign legal persons and citizens, republic disabled and retired organizations, their institutions, and vocational training enterprises and associations.

2. Organizations exempt from profit tax include student enterprises and student cooperatives, as well as experimental prosthetic and orthopedic enterprises of the Kazakh SSR Ministry of Social Security, enterprises manufacturing rehabilitation goods and resources for the disabled, road maintenance organizations of the Kazakh SSR Ministry of Motor Highways financed from the budget and other resources for the construction, repair and maintenance of highways, as concerns the savings they create by the work they do.

3. All new enterprises in labor-rich rayons and in ecological disaster zones determined by the Kazakh SSR Cabinet of Ministers are tax-exempt in the first year after they opened, and in the second year they pay 50 percent profit tax.

4. As regards consumer cooperatives under the Kazpo-treboyz, the following are tax-exempt:

a) the profit of newly organized enterprises (shops) producing consumer goods out of local raw materials and wastes (including agricultural raw materials procured at purchase prices), except for wine, liquor, tobacco, tobacco articles, and perfume and cosmetic articles containing alcohol, on the condition that the value of usable raw and other materials employed in production of these goods does not exceed 25 percent of the total value of the raw and other materials—for a period of two years from the day these enterprises (shops) are placed into operation;

b) profit of enterprises allocated to development of their own material and equipment base in rural areas, urban settlements and rayon centers;



c) profit from selling locally caught fish;

d) the profit of kolkhoz markets used to build and expand their material and equipment base, to develop departmental hotel services, to improve kolkhoz markets and to cover their operating expenses.

5. As concerns public organizations, the following are tax-exempt:

a) public disabled organizations, their enterprises and institutions, and vocational training enterprises and associations;

b) funds, associations, partnerships and public organizations, including creative unions, created in accordance with procedures established by law for benevolent, charitable, cultural, ecological and peace-promoting purposes, and their enterprises and organizations, as concerns profit used to fund activities spelled out in their charters;

c) the union and societies of the Red Cross and Red Crescent, DOSAAF, the Voluntary Disabled Society, the Voluntary Firefighting Society, and their enterprises and organizations, as concerns profit used by unions and societies to fund activities spelled out in their charters;

d) sports complexes, stadiums, and physical culture and sports organizations;

e) the All-Union Society of Inventors and Efficiency Experts, as well as its organizations, as concerns profit used by the society to fund activities spelled out in its charter;

f) enterprises created by students and youth organizations of higher and secondary special educational institutions, and secondary and vocational-technical schools, as concerns profit used by them to improve the social and personal conditions of students.

6. As concerns joint ventures created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens, if the share of the foreign partner in the charter fund exceeds 30 percent:

a) profit obtained in material production during the first two years from the moment of submission of the first profit statement is tax-exempt; the profit of mining and fishing enterprises is an exception. If a joint venture is liquidated prior to expiration of the period of tax exemption, tax is calculated in its full amount for the entire period of its activity;

b) taxable profit is reduced by the amount of outlays to fund production development, payment of interest on long-term loans, the conduct of scientific research and experimental design work, and implementation of nature protection measures.

7. As concerns production cooperatives (except kolkhozes):

a) cooperatives (associations of cooperatives) of veterans of war, labor and the USSR Armed Forces, created under war and labor veteran councils and employing not less than 70 percent of persons who have attained retirement age (pensioners), and of the Republic Volunteer Disabled Society employing not less than 50 percent of disabled persons, are completely exempt from profit tax;

b) cooperatives producing and processing agricultural products, construction and repair-and-construction cooperatives, and cooperatives producing construction materials are fully exempt from tax in the first two years of their work;

cooperatives engaging in other forms of activity (except for marketing-procurement, public food services, intermediary and entertainment) pay profit tax in an amount of 25 percent of the tax rate approved for the corresponding type of cooperative in the first year after their formation, and 50 percent in the second year.

If a cooperative ceases its activity prior to expiration of a three-year term, the tax is calculated in its full amount, as established for this type of cooperative, for the entire period of its activity.

Exemptions foreseen in subparagraph "b" of this paragraph do not extend to cooperative created out of liquidated enterprises or their structural subdivisions, as well as to cooperatives created under enterprises, associations and organizations if they operate in buildings and with equipment leased from these enterprises.

8. As concerns small businesses defined as such in accordance with legislation of the USSR and the Kazakh SSR:

a) profit used to fund construction, reconstruction and renewal of fixed capital, introduction of new equipment and procedures, and personnel training and advanced training is tax-exempt;

b) small businesses involved in the production and processing of agricultural products, in the production of consumer goods, in construction, in repair and construction, and in the production of construction materials, and small business start-up enterprises are exempt from profit tax in the first two years of work, while in the subsequent two years profit tax is paid in an amount of 50 percent of the established rates;

c) as concerns other forms of activity, small businesses pay profit tax in an amount of 25 percent in the first year of work, and 50 percent of the rates established for them in the second year.

The exemptions indicated in subparagraphs "b" and "c" do not extend to small businesses created out of liquidated (reorganized) enterprises, their affiliates and structural subdivisions, and cooperatives, if they use their buildings and equipment.

If a small business ceases its activity prior to expiration of a three-year term, tax is calculated in its full amount for the entire period of its activity.

9. Leasing enterprises formed out of state enterprises and their structural subdivisions reduce the amount of tax calculated on the basis of rates indicated in articles 4 and 5 of this law by the amount of rent, less depreciation deductions included in rent payments.

10. Additional profit tax exemptions may be established by the Kazakh SSR Cabinet of Ministers within the limits of the total tax collected by the republic budget.

Local soviets of people's deputies have the right to grant additional profit tax exemptions, within the limits of the total tax collected by local budgets.

#### **Article 7. The Procedure for Updating Profit Tax Rates and the Composition of Tax Exemptions**

The dimensions of profit tax rates and the composition of tax exemptions foreseen by this law and the procedure for granting them may be reviewed by the Kazakh SSR Supreme Soviet when approving the budget for the next year.

#### **Article 8. The Tax Computation Procedure and the Tax Payment Deadline**

1. The amount of tax is determined by taxpayers independently on the basis of the amount of their taxable profit, with regard for granted exemptions and tax rates.

2. In each quarter, all taxpayers (except those listed in paragraphs 3 and 4 of this article) pay tax into the budget equal to the actual amount of tax paid into the budget in the corresponding period of the previous year, or to the amount foreseen in their fiscal plan.

Tax prepayments are made into the budget not later than the 10th and 23d of each month, in equal fractions of one-sixth of the quarterly amount of profit tax.

When a taxpayer liable for a negligible amount of profit tax so petitions, the tax organ having territorial jurisdiction over the taxpayer may establish a single deadline for payments into the budget—the 20th of each month, at which time one-third of the quarterly tax must be paid.

At the end of the first quarter, half-year, nine months and the year, the taxpayer computes a running total of tax from the beginning of the year, on the basis of actually earned profit subject to taxation.

3. Consumer societies, their unions, consumer cooperative enterprises, associations and organizations under the Kazpotrebsoyuz, cooperative and public enterprises, associations and organizations, and kolkhoses, sovkhozes and other agricultural enterprises determine their tax quarterly, maintaining a running total from the beginning of the year, together with partial tax payments calculated for previous quarters.

4. A joint venture created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens may make quarterly profit tax prepayments into the budget equal to one-fourth of total

annual payments, not later than the 15th of the last month of each quarter. The amount of prepaid profit tax during the current year is determined by the enterprise with regard for its fiscal plan for the current year.

Tax on profit actually earned in the previous calendar year is calculated by the enterprise not later than 15 March of the year following the accounting year, on the basis of a bookkeeper's report (balance).

5. Quarterly tax is paid within 5 days after the day established for submission of bookkeeping reports (balances), while annual tax is paid within 10 days after the day established for submission of the annual bookkeeping report (balance).

Payment instructions pertaining to transfer of profit tax into the budget are submitted by taxpayers to the banking institution prior to the payment deadline, while encashment orders are submitted at the payment deadline, and they are executed on priority.

Joint ventures created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens pay profit tax by written order in rubles or in foreign currency purchased by banks of the Kazakh SSR in accordance with the established procedure.

6. Tax overpayments are credited to subsequent payments or are returned to the taxpayer within five days from the day a written statement is received from him.

7. Taxpayers provide tax organs having jurisdiction over their location with bookkeeping reports and balances in accordance with procedures and at times established by legislation, and with profit tax computations on approved forms. Joint ventures created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens submit annual bookkeeping reports and balances as of 15 March of the year following the reporting year.

#### **Chapter II. Tax on the Profit of Foreign Legal Persons From Activity in the Kazakh SSR (Except in Free Economic Zones in the Kazakh SSR)**

##### **Article 9. Payers of the Tax**

Payers of tax on the profit of foreign legal persons include companies, partnerships and any other organizations recognized as legal persons by legislation of the country of their permanent residence, which conduct business in the Kazakh SSR and in its economic zone through a permanent representative.

For tax purposes, a permanent representative of a foreign legal person in the Kazakh SSR is defined as a bureau, office, agency or any other place of business (associated with developing natural resources, carrying out contracted construction, installation, assembly, adjustment and maintenance of equipment, and other similar jobs), as well as organizations and civilians representing a foreign legal person in the Kazakh SSR.

The income of private companies is defined for tax purposes as the income of the owners of these companies, and it is subject to taxation in accordance with the Kazakh SSR law "On Income Tax From Citizens of the Kazakh SSR, Foreign Citizens and Persons Without Citizenship."

A foreign legal person conducts business in the Kazakh SSR through a permanent representative on the condition that it is registered with the tax organ having jurisdiction over the location of the permanent representative.

Failure to register by a foreign legal person conducting business in the Kazakh SSR through a permanent representative is viewed as concealment of income subject to taxation.

The start and termination of activity in the Kazakh SSR by a foreign legal person must be registered within a month after such activity is started and within a month prior to its termination.

#### **Article 10. The Object of Taxation**

Profit obtained by a foreign legal person carrying out activity through a permanent representative in the Kazakh SSR is the object of taxation.

The particulars of formation of profit and the composition of outlays considered in its computation are determined in accordance with a procedure established by the Kazakh SSR Cabinet of Ministers.

In the event that it is impossible to directly determine the profit received by a foreign legal person in connection with his activity in the Kazakh SSR, profit may be determined, with the consent of the tax inspection office of the Kazakh SSR Ministry of Finances having jurisdiction over the location of the permanent representative, on the basis of gross income or incurred expenses, using a profitability norm of 15 percent.

Foreign legal persons receiving, as compensation for activity carried out in the Kazakh SSR through a permanent representative, payment in the form of products or property, pay tax on profit, which is determined using contracted prices, the prices of the principal Soviet exporting organizations, or prices calculated on the basis of world prices on the same or similar products or property.

#### **Article 11. The Tax Rate**

Profit received by a foreign legal person from activity in the Kazakh SSR is subject to taxation at a rate of 30 percent.

The total of profit tax and payments for natural resources (less the amount reported as part of the cost of products (jobs, services)) must not exceed the maximum taken out of profit, calculated on the basis of the rate foreseen in this article.

#### **Article 12. Tax Exemptions**

A foreign legal person carrying out activity in the Kazakh SSR enjoys tax exemptions granted to joint ventures created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens in accordance with the Kazakh SSR law "On Foreign Investments in the Kazakh SSR."

#### **Article 13. Tax Computation Procedure and Payment Deadlines**

1. The amount of tax is determined from the amount of taxable profit, with regard for exemptions granted by Article 12 of this law, and on the basis of the tax rate.

The tax on the profit of foreign legal persons is computed annually by the tax organ having jurisdiction over the location of the permanent representative.

2. Not later than 15 April of the current year following the reporting year, a foreign legal person carrying out activity in the Kazakh SSR submits, to the tax organ, a report of activities in the Kazakh SSR, and an income statement on a form approved by the Kazakh SSR Ministry of Finances. If activity is terminated prior to the end of the calendar year, the indicated documents must be submitted within a month from the day of its termination.

The income statement of a foreign legal person carrying out activity in the Kazakh SSR is subject to paid annual inspection by a Soviet cost-accounting auditing organization.

3. A payment notice on a form approved by the Kazakh SSR Ministry of Finances is issued to the taxpayer for the amount of the computed tax.

Tax is paid by deadlines indicated in the payment notice, by written order in rubles or in foreign currency purchased by banks of the Kazakh SSR in accordance with the established procedure.

### **Chapter III. Turnover Tax**

#### **Article 14. Payers of the Tax**

Enterprises, associations and organizations (including production cooperatives as well as joint ventures with the participation of Soviet legal persons and foreign legal persons and citizens and their affiliates) producing and selling goods (products) subject to turnover tax are payers of turnover tax.

#### **Article 15. Rates**

Turnover tax rates are established as percentages of taxable turnover, or as fixed sums per unit of goods (products).

In regard to goods (products) for which retail prices (industrial wholesale prices and enterprise wholesale prices) are set, tax is computed as the difference between

these prices, with regard for trade, wholesale and marketing discounts (transportation expenses).

The conditions of managing turnover tax rates and their dimensions are established in accordance with a procedure determined by the Kazakh SSR Cabinet of Ministers.

#### Article 16. Tax Exemptions

1. The following are exempt from turnover tax:

a) in the first 2 years from the effective date:

—enterprises manufacturing goods out of local raw materials and wastes, on the condition that the cost of valuable raw and other materials used to make the goods does not exceed 25 percent of the total cost of raw and other materials;

—folk art and craft industry enterprises, as regards works of art they manufacture and sell;

b) enterprises and vocational training enterprises of public disabled organizations, societies of the blind, and vocational training enterprises for the blind, if the proportion of handicapped persons is not less than 50 percent of the total number of production workers of these enterprises;

c) consumer cooperative enterprises located in mountain and remote regions—up to 50 percent of turnover tax, and enterprises located in rayon-subordinated cities, urban settlements and rural areas—25 percent of turnover tax;

d) kolkhozes, sovkhoses and other agricultural enterprises, as regards the sale of products they create out of local raw and other materials;

e) enterprises and organizations indicated in Article 6, Paragraph 5, letters "b" and "c," if the amount of turnover tax allowable by the exemption is spent in support of their charter activity;

f) cooperatives (associations of cooperatives) of veterans of war, labor and the armed forces under war and labor veteran councils employing not less than 70 percent persons who have attained retirement age (pensioners) and producing goods out of local raw materials and wastes, and cooperatives of the Republic Voluntary Disabled Society employing not less than 50 percent disabled individuals;

g) student enterprises, student cooperatives and student organizations selling goods they create, within the limits of the amount allocated to improvement of the personal conditions of students.

The enterprises and organizations indicated in Paragraph 1, letters "a"-"g" are not granted an exemption and must pay the full turnover tax on the production and sale of: vodka, wine and liquor articles, beer, tobacco and tobacco articles, plastic goods and perfume and

cosmetic articles containing alcohol, dressed fur pelts, and fur and jewelry articles.

2. Enterprises manufacturing consumer goods have the right to retain in their possession up to 30 percent of turnover tax obtained from an increment in their production in comparison with previous periods, in accordance with a procedure established by the Kazakh SSR Cabinet of Ministers.

3. When enterprises have been granted bank loans to increase the production, upgrade the quality and expand the assortment of consumer goods, and when the assets of their accumulation fund are insufficient, they may pay off these loans with up to 50 percent of turnover tax obtained from selling goods produced additionally as a result of implementing measures supported by such loans.

4. Additional turnover tax exemptions for individual taxpayers and the rules and deadlines of paying turnover tax are established in accordance with a procedure determined by the Kazakh SSR Cabinet of Ministers.

#### Chapter IV. Export and Import Tax

##### Article 17. Payers of the Tax

All organizations which are listed in Article 1 of this law and which carry out foreign trade operations pay export and import tax.

##### Article 18. Tax Computation Procedure

Export and import tax is a means of transferring, as income to the state budget, net income formed as a result of differences between foreign trade prices (expressed in Soviet rubles according to the exchange rate of the USSR Gosbank) and domestic prices of the USSR and the Kazakh SSR on certain forms of goods imported into the Kazakh SSR or exported beyond its territory.

Export and import tax is computed in Soviet rubles:

a) on the basis of rates taking the form of percentages of the foreign trade (contracted) value of goods (expressed in Soviet rubles according to the rate of exchange of the USSR Gosbank), indicated by the owner (distributor) of the goods subject to taxation, in the customs declaration at the time of their transfer across the USSR border;

b) in the form of the difference between foreign trade prices (expressed in Soviet rubles according to the rate of exchange of the USSR Gosbank) and domestic prices of the USSR and the Kazakh SSR on individual forms of exported or imported goods of statewide significance, less overhead expenses associated with carrying out the foreign trade deal.

The list of such goods, the composition of the overhead expenses, and the rates, procedure and deadlines of paying export and import tax, as well as the tax exemptions, are established in accordance with a procedure determined by the Kazakh SSR Cabinet of Ministers.

#### Article 19. Tax Payment Procedure

Export and import tax is paid into the republic budget.

#### Chapter V. Tax on Transportation Resources, Power-Driven Machines and Mechanisms

##### Article 20. Payers of the Tax

Enterprises, associations, organizations and institutions (including production cooperatives, public, religious, party, Komsomol and trade union organizations, their enterprises, as well as joint ventures, foreign legal persons, small businesses and leasing enterprises possessing transportation resources (motor vehicles, motorcycles, yachts, launches) and other wheeled self-propelled machines and mechanisms, except public motor transport enterprises providing urban transportation, pay this tax.

##### Article 21. Tax Rates

Tax rates are established on the basis of an annual rate, per unit of horsepower of the transportation resources and other self-propelled machines and mechanisms, in the following amounts:

Objects of Taxation	Amount of Tax
Passenger cars	1 ruble
Motorcycles	0.5 rubles
Trucks and other wheeled self-propelled machines and mechanisms	2 rubles

##### Article 22. Tax Computation Procedure and Payment Deadlines

1. The amount of tax is determined by the taxpayers themselves, on the basis of the total power of each type and brand of transportation resources, with regard for the tax rates.

No adjustments are made to the tax if the transportation resources are disposed of or acquired in the given year.

2. Cost-accounting enterprises and organizations pay tax on transportation resources out of profit remaining at their disposal. Budget-supported organizations and institutions pay the tax as an expense item, on the basis of an estimate of their maintenance.

3. As regards quarterly accounts, the tax is paid within five days of the day established for submission of bookkeeping reports (balances), while as regards annual accounts it is paid within 10 days of the day established for submission of the year's bookkeeping report (balance).

Joint ventures created in the Kazakh SSR and foreign legal persons pay the tax on the basis of a written order in rubles or in foreign currency purchased by banks of the Kazakh SSR, in accordance with the established procedure.

4. Tax overpayments are credited to subsequent payments or returned to the payer within five days of receipt of a written statement from him.

#### Chapter VI. Manpower Tax

##### Article 23. Payers of the Tax

Enterprises, associations and organizations indicated in Article 1 of this law, including foreign legal persons, pay manpower tax.

##### Article 24. The Tax Rate

The manpower tax rate is established in an amount of 1,000 rubles per year per average listed administrative worker.

##### Article 25. Tax Exemptions

The following are exempt from manpower tax:

a) public disabled organizations, their institutions, vocational training enterprises and associations;

b) organizations and enterprises indicated in Article 6, Paragraph 5, letters "b" and "c";

c) creative unions, the All-Union Society of Inventors and Efficiency Experts, subdivisions of these associations and unions, and their affiliates and associations;

d) budget-supported organizations and institutions, and state government and administration organs maintained by the budget;

e) enterprises, organizations, associations, and institutions, in relation to workers they employ who are group I and II invalids and invalids from childhood.

##### Article 26. Tax Computation Procedure and Payment Deadlines

1. Manpower tax is computed on the basis of rates related to the average listed number of all administrative workers.

During each quarter, all payers make tax prepayments into the budget based on one-fourth of the tax rates established for the year and on the planned average listed number of workers.

Prepayments into the budget are made not later than the 20th of each month, in equal shares, in an amount of one-third of the quarterly total of manpower tax.

At the end of the first quarter, the first half-year, nine months and the year, the payer calculates a running total of tax from the beginning of the year, on the basis of the actual average listed number of workers.

2. As regards quarterly accounts, the tax is paid within five days of the day established for submission of bookkeeping reports (balances), and as regards annual accounts, within 10 days of the day established for submission of the year's bookkeeping report (balance).



Joint ventures and foreign legal persons pay manpower tax by written order in rubles or in foreign currency purchased by banks of the Kazakh SSR, in accordance with the established procedure.

3. Tax overpayments are credited to subsequent payments or returned to the payer within five days of the day of receipt of a written statement from him.

#### **Chapter VII. Kolkhoz Farmer Wage Fund Tax**

##### **Article 27. Payers of the Tax**

Kolkhozes, including fishing kolkhozes, pay the kolkhoz farmer wage fund tax.

##### **Article 28. The Object of Taxation**

The amount by which the kolkhoz farmer wage fund exceeds its tax-exempt amount, calculated at a rate of 100 rubles per month per worker in the kolkhoz economy, is the object of taxation.

All amounts subject to payment to kolkhoz farmers, including additional wages, all forms of bonuses and rewards, and payments in kind are accounted for when calculating the taxable part of the kolkhoz farmer wage fund.

The value of products issued as wages is assessed on the basis of the production cost of the products.

##### **Article 29. The Tax Rate and Payment of Tax Into the Budget**

Tax on the taxable part of the kolkhoz farmer wage fund is paid by all kolkhozes at a rate of eight percent.

##### **Article 30. Tax Payment Procedure and Deadlines**

1. The amount of payments for the first, second and third quarters is calculated by the kolkhoz on the basis of the kolkhoz farmer wage fund, less the tax-exempt minimum. The amount of the fourth quarter payment is calculated on the basis of the wage fund anticipated for the year, less the payments calculated for the preceding quarters.

A final accounting of income tax on the kolkhoz farmer wage fund is made on the basis of data from the kolkhoz's annual report, in accordance with the actual amount entered into the wage fund and the average annual number of workers in the kolkhoz social economy.

2. The tax is paid not later than the 20th of each month, at a rate of one-third of the sum computed for the quarter in accordance with the established procedure. When calculated on an annual basis, payments are made not later than 10 days after the deadline for submission of the annual report. Overpayments are subject to return by this same deadline.

#### **Chapter VIII. Income Tax**

##### **Article 31. Taxation of Income Received by Enterprises, Associations and Organizations From Stocks, Bonds and Other Securities Belonging to Them and From Proportionate Participation in Joint Ventures**

1. Income received by enterprises, associations and organizations, with the exception of that foreseen in Article 32 of this law, from stocks, bonds and other securities belonging to them, as well as income of a Soviet partner received from proportionate participation in joint ventures, is taxed at a rate of 15 percent.

2. The income of foreign partners formed as a result of distribution of the profit of joint ventures is taxed at a rate of 15 percent when transferred abroad, unless foreseen otherwise by an international agreement of the USSR or the Kazakh SSR. When income is transferred abroad, the amount of the tax is paid in the currency of the country to which the income is transferred.

3. The taxes indicated in paragraphs 1 and 2 of this article are collected at the source. The responsibility for withholding and transferring tax to the budget is borne by the enterprise paying the income as well as by the foreign partner of a joint venture.

4. Dividends received on state bonds and other state securities are tax-exempt.

5. A foreign partner of a joint venture created in the Kazakh SSR with the participation of Soviet legal persons and foreign legal persons and citizens possessing, in accordance with an international agreement of the USSR or the Kazakh SSR, the right of total or partial exemption from taxation of income credited to him as the result of profit sharing may submit a claim for reduction or cancellation of the tax in accordance with a procedure established by the Kazakh SSR Ministry of Finances. In the event that the claim is submitted after the income is transferred abroad, the claim must be submitted within one year of the day of transfer. Claims submitted upon expiration of a year are not accepted for review.

6. Income received in the Kazakh SSR and in its economic zone is taxed in accordance with the procedure foreseen by this article.

##### **Article 32. Tax on the Income of Foreign Legal Persons Not Associated With Activity in the Kazakh SSR**

1. Foreign legal persons receiving income not associated with activity in the Kazakh SSR pay tax on income from stocks and other securities, from the sale of author's rights and licenses, from freight and rent payments and other income that has its source in the Kazakh SSR and which is not associated with activity carried out in the Kazakh SSR through a permanent representative, on the basis of the rates established in Paragraph 2 of this article, unless foreseen otherwise by an international agreement of the USSR or Kazakh SSR on tax matters.

2. The rate of the tax on the indicated income, except freight income, is set at 20 percent.

The amount of income from freight paid by a foreign legal person in connection with international shipping is taxed at a rate of six percent.

3. Income in the form of interest on loans granted to the government of the USSR and the Kazakh SSR, to the USSR State Bank and to the Kazakh SSR State Bank, to the USSR Bank for Foreign Economic Relations or to the Kazakh Republic Bank of the USSR Vneshekonombank [Bank for Foreign Economic Relations] is exempt from income tax.

4. A foreign legal person possessing the right of total or partial exemption from tax on income from sources in the Kazakh SSR in accordance with an international agreement of the USSR or the Kazakh SSR submits a claim for reduction or cancellation of tax in accordance with a procedure established by the Kazakh SSR Ministry of Finances. In the event that a claim is submitted after the income is transferred abroad, it must be submitted within the year following the day of transfer. Claims submitted upon expiration of a year are not accepted for review.

5. Tax on income received by foreign legal persons from sources in the Kazakh SSR is withheld by the enterprise or organization paying the income to the foreign legal person in the currency of conversion from the total income each time a payment is made, and it is entered into the republic budget.

#### **Article 33. Tax on Income From Maintaining Casinos and Video Arcades, From Operating Automatic Gaming Machines and From Conducting Public Concerts and Entertainments**

Income received from casinos and video arcades, from operating automatic gaming machines providing a monetary payoff, and from conducting public concerts and entertainments outdoors, in stadiums, in sports palaces and in other buildings is taxed at a rate of 70 percent. Material outlays associated with obtaining this income are subtracted from the receipts for tax purposes.

### **Chapter IX. Special Provisions**

#### **Article 34. Tax Provisions Specific to Foreign Legal Persons**

1. If rules different from those contained in this law are established by an international agreement of the USSR or the Kazakh SSR, the rules of the international agreement are applied.

The provisions of this law do not apply to tax privileges established by the general rules of international law and by special agreements of the USSR and the Kazakh SSR with other states.

2. Collection of income taxes from foreign legal persons may be halted or limited on the basis of reciprocity in

cases where the same measures are implemented in the corresponding foreign state in relation to Soviet legal persons in application to the same or similar taxes, which must be confirmed by the tax organs of this state.

When business deals are signed with foreign companies, including tax stipulations according to which the enterprise, institution or organization paying income assumes the obligation of bearing the expense of paying the profit (income) tax of foreign legal persons is prohibited.

#### **Article 35. Elimination of Double Taxation**

The amount of profit (income) received abroad is included in the total amount of profit or income subject to taxation in the Kazakh SSR, and it is considered when determining the amount of tax.

The amount of taxes on profit or income obtained outside the Kazakh SSR, paid by enterprises, associations and organizations abroad in accordance with legislation of foreign states, is taken into account when they pay profit or income tax in the Kazakh SSR. In this case the amount included must not exceed the amount of profit (income) tax subject to payment in the republic in relation to profit (income) obtained abroad.

### **Chapter X. Responsibility of Taxpayers and Control Over Observance of Tax Laws**

#### **Article 36. Responsibilities of Taxpayers**

1. Taxpayers foreseen by this law are obligated:

a) to appropriately maintain bookkeeping accounts and reports on financial and business activities, and to provide tax organs with bookkeeping reports and balances, tax computations and other necessary documents and information associated with the computation and payment of taxes;

b) to produce, and in the appropriate cases to submit, documents confirming the right to tax exemptions;

c) to pay taxes due promptly and in their full amount;

d) to allow tax officials to inspect building spaces in which activities associated with acquisition of profit (income) or with maintenance of objects of taxation are carried out, and to conduct inspections regarding tax computation and payment.

2. Directors and appropriate officials of enterprises, institutions and organizations are obligated to sign a certificate of the inspection conducted by the tax organ, and in the event of disagreement with the facts presented in the certificate, to submit written explanations of the motives for disagreement. They are also obligated to carry out the requirements of the tax organ in regard to correcting revealed violations of tax laws.

3. Taxpayers required by legislation of the Kazakh SSR to produce bookkeeping reports and balances, tax computations or income statements to tax organs after their

inspection by a soviet cost-accounting auditing organization are obligated to produce a document confirming that an inspection was carried out, to the tax organ within the year following the reporting year.

Measures foreseen by Article 37 of this law are implemented in relation to a taxpayer who fails to produce the indicated documents. These measures are not applied if an inspection had not been carried out within the established time through no fault of the taxpayer.

#### **Article 37. Measures of Responsibility of Taxpayers**

1. The responsibility for correctly computing and promptly paying taxes into the budget and for observing tax laws currently in effect is borne by taxpayers and their officials.

2. Payers of the taxes foreseen by this law who, as of the tax payment deadline, do not possess bookkeeping reports and balances and turnover tax computations on the required form for the corresponding accounting period must pay 110 percent of the amount of tax computed for the preceding accounting period. After the indicated documents are produced, the tax is recomputed on the basis of profit actually received from taxed turnover.

3. Taxpayers who fail to maintain profit (income) records, or who violate the established procedures of maintaining such records, and who fail to submit, to tax organs, reports, computations and other documents necessary for computation and payment of taxes, or submit them late, pay 10 percent of the taxes due into the budget.

4. In the event that profit (income) is concealed (underreported) or that other objects of taxation are concealed, the entire amount of the concealed (underreported) profit (income) or the amount of tax on the concealed (underreported) object of taxation, as well as a penalty of the same amount, and in the case of a repeat violation, a penalty double the amount, are recovered from taxpayers and entered as income into the budget. The amount of concealed (underreported) profit (income) as well as the amount of tax for concealing some other object of taxation and the penalty are entered into the budget from profit (income) remaining at the disposal of the taxpayer.

5. Concealment of income obtained in freely convertible currency incurs recomputation of total income on the basis of a special exchange rate of the USSR Gosbank. The amount of concealed (underreported) profit (income), turnover tax or the amount of tax for some other concealed object of taxation, as well as the penalty must be paid by taxpayers into the budget within 10 days of the date on which the violations document is drawn up by tax officials.

6. As regards enterprises paying taxes in accordance with this law, concealed (underreported) profit (income) and

penalties are transferred as income into the budget of the soviet to which the tax inspection office that revealed the violation belongs.

7. Tax organs impose an administrative penalty in the amount of one salary upon officials who conceal (underreport) profit (income) or conceal (underreport) other objects of taxation, and in the absence of a bookkeeping report or in the event that it is maintained in violation of the established procedure and there are misrepresentations in bookkeeping reports, upon officials who fail to produce bookkeeping reports, balances, computations and other documents associated with computation and payment of taxes and other payments into the budget, who submit them late, or who submit them on the wrong forms; when the same violations are repeated within a year after imposition of such an administrative penalty, tax organs impose an administrative penalty equal to two to three salaries.

8. Deliberate concealment (underreporting) of profit (income) or concealment (underreporting) of other objects of taxation incurs criminal liability, and is punishable by corrective labor for a term of up to 2 years and a penalty of from 200 to 1,000 rubles.

#### **Article 38. Procedure for Paying Into the Budget and Retrieving From the Budget Incorrectly Paid Taxes**

1. Taxes that had not been paid by the deadline and concealed (underreported) profit (income) and turnover tax, or tax for some other concealed (underreported) object of taxation and the penalty for concealing (underreporting) profit (income) and for concealing an object of taxation are recovered for the entire time of such violations as instructed by tax organs, without appeal.

Taxes not promptly paid are recovered for the entire time of indebtedness to the budget, plus a penalty of 0.5 percent of the underpaid sum for each day that payment is late (including the day of payment).

2. Taxes on the income of foreign legal persons indicated in articles 31 and 32 of this law that have not been transferred to the budget by the enterprises, institutions and organizations paying income tax are recovered from assets remaining at the disposal of these enterprises, institutions and organizations, after accounts are settled with the budget, without appeal, irrespective of the length of the period over which income had been paid to the foreign recipient.

3. Tax overpayments resulting from incorrect computation of taxes or violation of the payment procedure are to be returned or credited to other amounts due from the taxpayer, if a year's time from the day of their payment has not expired.

Submission of a statement concerning return of overpayments stops the clock on this period.

Incorrectly paid taxes are returned from the budget not more than 1 year after discovery of the incorrect payment.

### Article 39. Control by Tax Organs

Control over the correctness of application of tax laws is maintained by tax organs in accordance with legislation of the USSR and the Kazakh SSR.

Failure by enterprise and organization officials to fulfill the directives and instructions of tax organs and officials carrying out official duties associated with this law incurs administrative responsibility taking the form of a penalty of from 50 to 200 rubles, imposed by tax organ executives.

### Article 40. Appeal of Actions of Tax Organ Officials

1. Complaints against officials who take incorrect actions in collecting taxes are submitted to the organ to which these persons are directly subordinated. Complaints are examined and decisions are made on them not more than 30 days after the moment such complaints are submitted.

Decisions on complaints may be appealed within a month's time to a superior tax organ.

2. Complaints concerning the actions of tax organ officials associated with imposition of an administrative penalty are submitted in accordance with legislation of the USSR and the Kazakh SSR on administrative violations.

3. Submission of a complaint does not suspend collection of taxes. The organ examining a complaint has the right to suspend collection of the tax due until resolution of the complaint.

### Article 41. Instructions on Applying This Law

Instructions on applying this law are published by the Kazakh SSR Ministry of Finances in coordination with the Kazakh SSR Ministry of Justice.

### Resolution on Draft Law

914A0470B Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 4 Jan 91 p 1

[Decree of the Kazakh SSR Supreme Soviet on the Draft Law of the Kazakh SSR: "On Taxes on Enterprises, Associations and Organizations"]

[Text] The Supreme Soviet of the Kazakh Soviet Socialist Republic **resolves:**

1. To approve the basic provisions of the draft law of the Kazakh SSR: "On Taxes on Enterprises, Associations and Organizations" submitted by the Kazakh SSR Council of Ministers, in its first reading.

2. To publish the draft law of the Kazakh SSR: "On Taxes on Enterprises, Associations and Organizations" in republic and oblast newspapers for public discussion.

3. That republic press, television and radio organs are to organize explanation of the provisions of the draft law,

to fully illuminate the course of its discussion and to generalize the remarks and proposals submitted in regard to it.

4. That oblast and the Alma-Ata and Leninsk city soviets of people's deputies are to provide for the generalization of proposals and remarks of people's deputies, citizens, labor collectives and public organizations, as well as those submitted by the mass media, in regard to the draft law of the Kazakh SSR: "On Taxes on Enterprises, Associations and Organizations." That materials generalizing proposals and remarks on the draft law are to be submitted to the Presidium of the Kazakh SSR Supreme Soviet.

5. That prior to enactment of the Kazakh SSR law: "On Taxes on Enterprises, Associations and Organizations" the Kazakh SSR Cabinet of Ministers shall guide itself by the following of its provisions:

- union-subordinated enterprises, associations and organizations make payments in amounts and in accordance with procedures established by law of the USSR Supreme Soviet;
- republic and locally subordinated enterprises, associations and organizations make payments into the income of the corresponding budget in their full amount (45 percent of taxed profit);
- profit taxes above the attained profitability level are collected in amounts indicated in the draft law of the Kazakh SSR: "On Taxes on Enterprises, Associations and Organizations" if this profitability level is attained due to growth of prices on manufactured products and rendered services;
- manpower payments are collected in an amount of 1,000 rubles per average listed administrative workers of the association, enterprise and organization.

6. Jointly with other committees of the Supreme Soviet and with the participation of the Kazakh SSR Cabinet of Ministers, the Committee on Problems of Economic Reform, Budget and Finances is to rewrite the draft law of the Kazakh SSR: "On Taxes on Enterprises, Associations and Organizations" with regard for proposals and remarks stated by people's deputies and submitted in the course of public discussion, and submit it to examination by the next session of the Kazakh SSR Supreme Soviet.

[Signed] Deputy Chairman of the Kazakh SSR Supreme Soviet S. Abdildin.

### Belorussian Decree on 1989 State Budget

914A0495B Minsk SOVETSKAYA BELORUSSIYA  
in Russian 8 Jan 91 p 1

[Resolution of the Belorussian SSR Supreme Soviet "On Ratifying a Report on the Implementation of the 1989 Belorussian SSR State Budget"]

[Text] The Supreme Soviet of the Belorussian SSR resolves:

1. To ratify a report on the implementation of the 1989 Belorussian SSR State Budget amounting to 12,739,846,000 rubles [R] on the revenue side and R11,968,720,000 on the expenditure side, with the revenues exceeding the expenditures by R771,126,000.

2. To ratify a report on the implementation of the 1989 republic budget amounting to R11,687,909,000 on the revenue side and R11,240,678,000 on the expenditure side, with the revenues exceeding the expenditures by R447,231,000.

3. To incorporate in the report on the implementation of the 1989 Belorussian SSR State Budget reports on the implementation of the 1989 budgets of oblasts and the city of Minsk amounting to R4,489,806,000 on the revenue side and R4,165,911,000 on the expenditure side, with the revenues exceeding the expenditures by R323,895,000, out of which in oblasts and the City of Minsk:

	Thousand rubles		
	Revenues	Expenditures	Surplus of revenues over expenditures
Brest Oblast	568,493	533,125	35,368
Vitebsk Oblast	631,833	603,124	28,709
Gomel Oblast	772,873	708,217	64,656
Grodno Oblast	491,934	449,556	42,378
Minsk Oblast	611,613	556,044	55,569
Mogilev Oblast	712,226	690,101	22,125
City of Minsk	700,834	625,744	75,090

[Signed] Chairman of the Belorussian SSR Supreme Soviet N. Dementey, 21 December 1990, City of Minsk

## INTERREGIONAL, FOREIGN TRADE

### Vyborg City Soviet Chairman on Leningrad Free Enterprise Zone

914A0510A Moscow SELSKAYA ZHIZN in Russian  
7 Mar 91 p 2

Interview with N. V. Smirnov by I. Selivanov, SELSKAYA ZHIZN correspondent, Leningrad Oblast: "The Vyborg Alternative"]

[Text] A free enterprise zone. What should it be like? In a talk with our correspondent, N. V. Smirnov, chairman of the Vyborg City Soviet, answers this question by readers of SELSKAYA ZHIZN.

[Selivanov] First of all, Nikolay Vasilyevich, what is the sense in establishing a free enterprise zone? Many such zones—from isolated and closed to completely conditional ones—exist in the world.

[Smirnov] Our zone can be visualized somewhere in the middle of this scale. This matter was widely discussed at a session of the Leningrad Oblast Soviet held in October, which proposed the establishment of such a zone within the boundaries of the entire Leningrad region. In accordance with the decree of the RSFSR Supreme Soviet it is already becoming a reality in the city on the Neva, as well as in Vyborg and in the rayon of the same name.

Of course, such a territory, ideally, should have its strict, clearly outlined geographical boundaries. However, in the existing production and economic situation this is unrealistic in practice. To shut off Vyborgskiy Rayon from all Leningrad Oblast means to break numerous economic and cooperative ties formed a long time ago and to cut them, as they say, live. Moreover, nor should we tear ourselves away from the city on the Neva with a population of five million, because it serves not only as a natural center of attraction for us, but also as a powerful source of scientific and technical ideas. Therefore, we see the sense in establishing a free economic zone in something else—rise in the population's standard of living on the basis of an accelerated increase in the efficiency of production and its all possible modernization. In this connection the center of all organizational work is now moving directly to industrial enterprises, sovkhozes, and individual farms. In the emerging market relations it is necessary to ensure truly equal living conditions for them.

We consider direct access by labor collectives and individual owners to the international market and their most rapid inclusion in the system of world production and social-cultural relations some of the first major steps here. The most favorable conditions for an efficient use of foreign capital and for the formation and development of various kinds of joint enterprises, consortiums, and concessions are also created in the free economic zone. Such ties are already being organized—luckily, our rayon is near the border. For example, the famous Finnish Kemira Firm works quite well on the fields of our Smena Sovkhoz. Kondratyevskiy and Shestakovskiy sovkhozes have become cofounders of the Soviet-Finnish Polisheko Enterprise and are already earning money from services for tourists.

More than 60 protocols on the intention to establish joint enterprises with many foreign firms—from Scandinavia to South Korea—have already been drawn up throughout the city and rayon. These are only the first, very timid steps.

[Selivanov] What hinders their acceleration?

[Smirnov] Now everything depends on the Leningrad City Soviet and the RSFSR Supreme Soviet: to what extent will they agree to grant independence, which the city soviet laid down as the technical-economic and legal basis for this zone. And, of course, on ourselves, on how actively our body of deputies and public and business circles of Vyborg and the rayon will join in the practical realization of the drawn up program.



The legal status of the Vyborg Free Enterprise Zone was adopted at our session the other day. There is every reason to believe that after its approval by the RSFSR Supreme Soviet, when it acquires the force of law, we will immediately be able to change over to extensive business cooperation with these foreign firms, which will bring a substantial benefit to the local budget, to the entire oblast, and, moreover, to the country as a whole.

[Selivanov] Can you discuss this status at greater length?

[Smirnov] In fact, we are discussing it. Our zone includes the city of Vyborg itself and the entire rayon within existing administrative boundaries. I have already spoken about the goals. The task includes an accelerated introduction—from foreign and domestic practice—of advanced, overall technologies and efficient systems of controlling the movement of financial capital under conditions of a market economy and an extensive development of entrepreneurship by ensuring all forms of ownership by Soviet and foreign participants.

Provision is made for a number of privileges for foreign investors, including a simplified regime of entry and temporary residence by representatives of foreign firms and organizations, freedom of choice of financing sources, additional guarantees for the protection of business property, reduction in customs duties and the profit tax, and access through the free zone to the USSR wholesale market. Soviet enterprises and organizations located in the zone receive rights to engage in barter operations, a simplified procedure of withdrawal from the jurisdiction of ministries and departments, and a package of tax privileges stimulating foreign economic activity.

In brief, the entire system is directed toward increasing production efficiency and creating flexible market relations in the interest of consumers.

[Selivanov] Nevertheless, please permit me to doubt such bright prospects. Rather a lot of various programs for getting out of the most difficult economic situation are now proposed, but the population's standard of living continues to decline.

[Smirnov] The whole point is that programs are not backed by practical actions. I agree, there is also such a threat to our plans. That is why, simultaneously with the elaboration of the legal status of the free economic zone, specific proposals on the creation of its production and social infrastructure were gathered and generalized, its detailed description and economic substantiation were given, and alternatives were prepared. Specialists at the Lenoblstroy Association and associates at the North-Western Affiliate of the Central Scientific Research Economic Institute under the RSFSR Gosplan and at a number of other institutions and organizations participated in this work.

The Leningrad Oblast Executive Committee and the Leningrad Oblast Soviet, jointly with representatives of the USSR Ministry of Foreign Affairs and the Ministry of

Foreign Economic Relations, held consultations with potential foreign partners, primarily from neighboring Scandinavian countries.

Calculations show that capital investments in the establishment of the production infrastructure, which will total 1.8 to 2 billion rubles, will be recovered in four to five years. The entire derived profit will be distributed in proportion to these investments. The tax will go into the budget of the city soviet, the oblast, and the republic. However, we need a preferential tax policy, especially during the first five years, until the zone stands on its own feet. Subsequently, this privilege will be repaid manyfold.

[Selivanov] There are many rumors that, allegedly, within the zone the local population will get special privileges and material advantages. In this connection a speculative flurry with an exchange of living space for Vyborg and Vyborgskiy Rayon is arising right now.

[Smirnov] Blessings do not fall down from the sky—they have to be earned. Conversely, in this sense the local population will have to pass a strict, severe test for high skills and a high quality of labor. Hiring and dismissal and amounts of wages in excess of the guaranteed minimum—everything will be solved on the basis of collective and labor contracts between enterprise owners and workers, which are accepted in world practice. In order to regulate relations in this sphere, a labor exchange is being established under the executive committee of the city soviet. The operation of all centrally established systems of norming and remuneration of labor, with the exception of sanitary-hygienic, ecological, and medical norms, is suspended in the territory of this zone.

So, I cannot promise an easy life without work. Naturally, the legal status of this zone also provides for social guarantees. For example, pension security should be a "two-level" one. The first part is guaranteed by the state in accordance with RSFSR legislation and the second is additional—it is received as a result of voluntary insurance through alternative pension funds.

[Selivanov] Nikolay Vasilyevich, be that as it may, the picture that you have portrayed cannot fail to attract the private worker. But, I repeat, where are the guarantees that he will not be disappointed in his expectations?

[Smirnov] Naturally, the fate of this zone largely depends on the general economic situation, primarily on deliveries of raw materials, accessories, and other materials. Undoubtedly, however, with the transition to wholesale trade the situation will also improve here.

Local authorities, primarily our soviet of people's deputies and its executive committee, under which a consultative body for affairs of the free zone can also be established, are directly interested in the development of the free enterprise zone. I would like to stress once again that its concerns are in the center of our attention. The city soviet determines the strategy of development of the free zone and the procedure of use of land plots, buildings, and structures, makes decisions on the establishment and closure of Soviet, foreign, and joint enterprises, as well as of representative offices of foreign firms, carries out ecological control, and solves a great number of other problems connected with its activity.

Consequently, it also has great responsibility. Evidently, the Vyborg Free Enterprise Zone is destined to become a distinctive laboratory for a market economy and a proving ground, where its models for all Leningrad Oblast and the country's other regions will be perfected.

### **Kazakhstan, Uzbekistan Assess Economic Cooperation Agreement**

914A0520A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 24 Jan 91 p 1

[KAZTAG report: "Kazakhstan-Uzbekistan: On the Path of Integration"]

[Text] Negotiations held in Alma-Ata with a delegation of the Uzbek SSR [Soviet Socialist Republic] Government were devoted to refining positions associated with carrying out long-term agreements between Kazakhstan and the republics of Central Asia, which were signed last year at a meeting of their leaders. State Councillors Ye.G. Yezhikov-Babakhanov and B.M. Tursumbayev; K.A. Abdullayev, chairman of the republic State Economic Committee, and heads of ministries and departments took part in the negotiations on the Kazakh side, and Vice President Sh.R. Mirsaidov, deputy chairmen of the Cabinet of Ministers, and heads of republic organizations took part on the Uzbek side.

It was noted that agreements on economic and scientific-technical cooperation have played a positive role in developing and reinforcing horizontal relations and improving the use of the potential of our regions. Agreements on mutual deliveries have been fully complied with. Kazakhstan ships to the fraternal republic grain, meat, and technical products, and receives cotton, vegetable oil, consumer goods, equipment, and machinery.

However, some enterprises and organizations have not signed contracts yet, or have envisaged reduced amounts of mutual deliveries. To avoid putting this on the back burner, a number of Uzbek leaders stayed behind in Kazakhstan in order to promptly resolve all remaining issues within two or three days.

It was agreed that a government delegation from Kazakhstan will visit Tashkent very soon with a view to working on a draft economic agreement and a projection of the plan for mutually advantageous cooperation in 1992. Provisions were also made for the government leaders of our republics to meet on a quarterly basis in order to promptly solve developing problems.

The Uzbeki/stan delegation was received by N.A. Nazarbayev, Kazakh SSR president, first secretary of the Central Committee of the Communist Party of Kazakhstan. He stressed during a conversation that it is necessary to switch more rapidly from simple merchandise trade to economic integration. Forms of integration may vary widely: joint enterprises, joint-stock companies, and other economic structures which make it possible to use the raw material resources and the entire economic potential of Kazakhstan and Uzbekistan more efficiently.

### **Interrepublic Association for Material-Technical Supply Formed**

914A0520B Moscow IZVESTIYA in Russian 13 Mar 91 Union Edition p 2

[Article by Sergey Tsikora, Kiev: "Supply Officials Unite"]

[Text] An interrepublic association of ministries and committees for material-technical supply has been created.

Representatives of 13 republics—Armenia, Belorussia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, the RSFSR, Moldova, Tajikistan, Turkmenia, the Ukraine, and Estonia—signed a resolution on setting up the association at a constituent conference. This had to do with the further development of horizontal relations in the country and the assertion of businesslike cooperation on a new basis, that of signing mutually advantageous economic agreements between the republics.

It was said at the constituent conference that neither the USSR Gosplan [State Planning Committee] nor the USSR Gossnab [State Committee for Material and Technical Supply] has developed a concept for operation under the new conditions. A vacuum in the management of material flows between the republics has emerged.

In the opinion of the members of the new association, the fact that existing management structures in the national economy can no longer ensure either the planned regulation of resource production and distribution, or meeting the priority needs of the state is the main cause of the prevailing situation. An altogether astonishing fact was cited as an example: The needs of the republics were not taken into account in the Union state order for 1991!

Let me name several priority tasks which the new organization will endeavor to accomplish: establishing and regulating interrepublic economic relations, fine-tuning arrangements for delivery management under changing conditions, fulfilling mutual contractual obligations, developing proposals concerning quotas and licenses for mutual deliveries, and finding capacity for manufacturing products in short supply...

The approach of the association to guaranteeing the fulfillment of agreements between the republics is notable. It was acknowledged that all of them would use their own economic mechanisms to this end, but that at the same time state orders would be emphasized which are unified throughout the territory of a republic for all enterprises, regardless of their institutional affiliation and form of ownership.

Relations between the new association and the center appear to involve a strict division of powers: Central organs will work on what the republics delegate to them. The board of the association, consisting of the ministers and chairmen of the committees for material and technical supply of the republics, will handle solutions to "the association's own" problems. A. Minchenko, head of the Ukrainian SSR State Committee for Material and Technical Supply, was elected the first chairman of the board of the association.

## PRICES, BUDGET, FINANCES

### Belorussian 1991 Budget Legislation Issued

914A0493A Minsk SOVETSKAYA BELORUSSIYA  
in Russian 8 Jan 91 p 1

["Law of the Belorussian Soviet Socialist Republic on the 1991 State Budget of the Belorussian SSR" adopted on 21 December 1990]

[Text] The Supreme Soviet of the Belorussian Soviet Socialist Republic resolves:

**Article 1.** To confirm the republic budget of the Belorussian SSR in 1991 in the amount of 6,900,837,000 rubles [R] on the revenue side, and R8,533,792,000 on the expenditure side, a cap on deficit in the amount of R1,632,955,000, and the ready turnover cash of this budget as of 1 January 1992 in the amount of R250,000,000.

To establish that budgetary expenditures will be financed up to the limit of revenues actually received.

**Article 2.** To establish the revenues of the republic budget for 1991:

	(R1,000)
Turnover tax	2,440,774
Tax on the profits of enterprises and organizations and other payments	1,064,266
Tax regulating the spending of funds allocated for consumption	71,500
Proceeds from state insurance funds in conjunction with a reduction in rates from 37 to 26 percent	1,524,757
Proceeds from buy outs, conversion to joint-stock operations, and sales of state property	136,000
Surtax for the elimination of the consequences of the Chernobyl AES [nuclear electric power station] disaster	643,370
Proceeds of the fund for financing republic and regional social programs	932,336
Other revenues, taxes, levies, and other proceeds	87,834

**Article 3.** To provide in the 1991 republic budget for allocations to finance the national economy, sociocultural

measures, maintaining the organs of state power, and other expenditures:

	(R1,000)
Financing the national economy	4,079,117
Financing expenditures for sociocultural measures	1,705,233
out of which:	
—education, professional training of cadres, culture, art, and the mass media	1,031,326
—health care and physical education	438,407
—state benefits for mothers of many children and single mothers	39,600
—social security	195,900
Financing of science	160,687
Maintenance of the organs of state power and administration	69,860
Maintenance of law-enforcement organs	182,986
Reserve fund of the Belorussian SSR Council of Ministers	82,413
Republic fund of economic stabilization	600,000
Expenditures associated with payments to the populace in conjunction with indexing wages, retirement benefits, scholarships, and other incomes depending on the rate of inflation	500,000
Fund for eliminating the consequences of the Chernobyl AES disaster	643,370
Financing expenditures to service the republic debt	185,000
Financing other expenditures and measures	325,126

**Article 4.** To establish that in 1991, 22 percent of the tax on the profits of enterprises, associations, and organizations reporting to the Union and the republic will be transferred to the Union budget for the imple-

mentation of all-Union programs, taking into account the specifics of taxation of individual payers. The turnover tax collected in the territory of the Belorussian SSR will be contributed to the republic budget in full.

To instruct the Belorussian SSR Council of Ministers to take measures to reduce the withholding of the above tax from 22 to 12 percent in the course of concluding the Union treaty, taking into account a reduction in functions delegated to the center and growing expenditures for eliminating the consequences of the Chernobyl AES accident.

**Article 5.** To confirm the rates of withholding for the budgets of the oblasts and the city of Minsk in 1991 (percent):

a) from the turnover tax: Brest Oblast—55.0, Vitebsk Oblast—63.3, Gomel Oblast—83.7, Grodno Oblast—99.9, Minsk Oblast—94.5, Mogilev Oblast—52.8, city of Minsk—67.9;

b) from the taxable profits of enterprises, associations, and organizations reporting to the Union and the republic—12, taking into account the specifics of taxation of individual payers;

c) from proceeds from the sale of state internal premium bonds—50.

**Article 6.** To preserve procedures for the contribution of taxes to the budget at the location of enterprises, organizations, and offices currently in effect until procedures for the payment of the income tax on citizens directly by the latter on the basis of income declarations drawn up by them are introduced.

Procedures for the distribution of the income tax on citizens among individual budgets are determined by the superior Soviets of People's Deputies.

**Article 7.** To impose in 1991 a surtax of five percent on the profits of all enterprises, associations, and organizations located in the territory of the republic, earmarking these tax revenues for financing additional measures aimed at eliminating the consequences of the Chernobyl AES disaster.

The Belorussian SSR Council of Ministers will establish procedures for the payment of the surtax by associations, enterprises, and organizations.

**Article 8.** To set up republic and local road funds with a view to accumulating monies for the construction, repair, and maintenance of public highways, and to contribute to these funds the withheld monies of enterprises, associations, and organizations amounting to one percent of the amount of generated products (work and services), as well as contributions of two percent of profits from the operation of motor vehicle transportation. Contributions to the road funds will be set at 0.4 percent of the volume of products (work and services) generated by kolkhozes [collective farms], sovkhoses [state farms], and other agricultural enterprises, and for trade establishments, procurement, and supply and distribution organizations, in the amount of 0.1 percent of their merchandise turnover. The above contributions are made from the profits and other monies remaining at the

disposal of the enterprises, associations, and organizations after making payments to the budget.

To instruct the Belorussian SSR Council of Ministers to establish procedures for accumulating and disbursing the monies of these funds.

**Article 9.** Taking into account constraints on the budgetary funds and the need to implement urgent measures in 1991, to set up a fund for financing the republic and regional social programs by contributing to this fund up to 40 percent of the amortization allowances for the complete restoration of the fixed assets of state enterprises, associations, and organizations reporting to the Union, the republic, and localities (with the exception of sovkhoses, consumer service enterprises, and societies for the disabled). The monies of the above fund will be used for the construction of housing and facilities of the social sphere, construction of new enterprises manufacturing consumer goods and other enterprises of high-priority economic sectors, as well as the expansion of those already in existence, and wage increases for the employees of education, health care, and culture.

The Council of Ministers of the Belorussian SSR will establish procedures and rates for the contribution of amortization allowances to the fund for financing republic and regional social programs by enterprises, associations, and organizations.

**Article 10.** To establish that state social security contributions to the republic budget in the amount of 11 percent (in conjunction with a reduction in rate schedules for contributions from 37 to 26 percent) are made in 1991 by enterprises, associations, and organizations located in the territory of the republic, regardless of their institutional affiliation.

**Article 11.** To instruct the Belorussian SSR Ministry of Finance to make changes in mutual relations between the republic budgets and the budgets of the oblasts and the city of Minsk that result from laws and resolutions of the Belorussian SSR Supreme Soviet and decisions of the Belorussian SSR Council of Ministers by means of direct settlements.

**Article 12.** The Belorussian SSR Council of Ministers will work out a program of practical actions aimed at implementing the present law, providing for specific measures to reduce the budget deficit due to a more complete tapping of proceeds from the denationalization of property, using spare funds of enterprises, associations, organizations, and the populace on a voluntary basis, issuing bonds and other securities, expanding paid services to the populace, putting in order a system of preferences and compensation for employed citizens, and stringent savings procedures in the disbursement of funds. They will make systematic reports to the Belorussian SSR Supreme Soviet on the progress of the implementation of the budget. And they will make appropriate recommendations on issues requiring resolutions of the Belorussian SSR Supreme Soviet.

**Article 13.** To instruct the Belorussian SSR Council of Ministers to consider in the first quarter of 1991, in the process of implementing the budget, the issue of increasing the wages of health-care employees by up to 50 percent.

**Article 14.** To instruct the Belorussian SSR Council of Ministers to consider the remarks and proposals of

permanent commissions of Belorussian SSR people's deputies made in the process of discussing the draft 1991 State Budget of the Belorussian SSR, and to make appropriate decisions based on them.

*[Signed] Chairman of the Belorussian SSR Supreme Soviet N. Dementey, 21 December 1991, city of Minsk*



## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Too Little Attention To Quality of Rural Life

#### Local Budgets Offer Too Little

914B0097A Moscow SELSKAYA ZHIZN in Russian  
31 Jan 91 p 1

[Article by Aleksandr Morgachev: "Careful: The Doors Are Closing..."]

[Text] At the upper reaches of the Volga a scandal is brewing. Its instigators—village teachers—are demanding payment from the local budget for every notebook that they check, but the authorities are balking—no one pays for the theorems they study. This is true. The teachers are insistent. They say that they spend evenings pouring over student notebooks!

We have finally lived to see the likes of this—the leading portion of the village intelligentsia is making ridiculous demands and the authorities are very seriously looking for ways to deal with the question. Can it be that locally there are no more pressing problems?

"You are posing the basic question," says the school director as her eyeglasses sparkle. "We are looking for a protective mechanism!"

Open your eyes, woman, what kind of protection?

It turns out that she is referring to social security for village teachers themselves. As long as the discussion was about market relations, they like every other citizen of the country who is far removed from the production sphere, supported "the market." "The West has a market economy, and everything is available there..." But as soon as the new economic relations appeared on their horizon, the euphoria of the village intelligentsia vanished. This is understandable. The intelligentsia feeds itself primarily "from the store," and the market has already shown itself there. In January consumer cooperatives were forced to change their price lists. A good sausage in a village store in Tver Oblast, for example, costs 27 rubles per kilogram. Regular jam costs 15 rubles 60 kopecks. Saveloy, a beloved food of old women, costs 19 rubles 70 kopecks. Meat prices have increased. A kilogram of beef now costs the consumer 16 rubles 20 kopecks; of pork—14 rubles 20 kopecks. We must consider the fact that in the village, state trade does not exist at all and that everything that is sold in stores, stalls and shops is sold by consumers cooperatives. Even the modest Makarenko would probably be struck dumb by such high prices. Tell us, how can you exist if your monthly wage is equivalent to 10 kilograms of meat? What are you going to use to buy clothing and books and to maintain your household? "In consumer cooperatives they think in their own way," say the people indignantly.

But cooperators themselves have clutched their heads—they do not live behind a brick wall. However, nothing

can be done—the market is the market and has its own laws. As soon as the government raised procurement prices for livestock products, prices for Far East raw materials also went up—otherwise consumer cooperatives cannot be competitive. And if procurement prices increased, so did retail prices. When retail prices increased the teachers got nervous—they had to pay!

Perhaps in the future they should be paid a supplement from the local budget; after all, teachers are laying the foundation for the future.

However, the managers of that same budget do not want to hear about anything of this sort, because the money of local soviets is replaced a little at a time, whereas a great deal must be paid out to everyone. Now that the market is on the threshold everyone wants to make a profit and everyone is looking for an advantage. For example, transportation workers have proclaimed that their rural routes only bring losses to them. Either pay us more or we will remove buses from the route. Wait a minute, citizens, what are you doing—first you made a path from Ivanovka to Matrenovka and the people were satisfied and auto enterprises did not come off the loser. Now how are village residents to travel to hospitals? We don't know anything about it, say the transportation workers. We have no rubber, spare parts have increased in price, and drivers do not want to bump their buses along bad roads...

In other words, the market is the market and the parties haggle. First, they say, you subsidize our losing routes and we will use this money to strengthen the material-technical base, and then we will service the village well. But the other party was also not born yesterday and it knows well that the rules of the market rule out the principle of "money up front." The incentive is lost.

While this dispute is going on, passenger transportation has simply disappeared from the village landscape.

What should be done?

And tell us, what is to be done if post offices close in the village? Regional communications networks also want to be profitable. What kind of mark-up can there be for a post office that sells a dozen envelopes per week and sends a telegram per month! No, communications workers say, we cannot withstand such losses—either subsidize individual communications or we will close them...

Consumer service workers also saw a clearer picture at the beginning of the year. They made calculations in one way and then in another but the result was always the same—comprehensive village reception points must be closed. They are unprofitable. The local administration grew nervous—have pity on us, we so painstakingly built these points, if they are dismantled today we will not be able to put them together tomorrow. Consumer service workers continue their demands—pay us!

But who will ask: Out of what resources should we pay?

And here is another surprise—medicine is making the transition to cost accounting. It is clear that village medical points were immediately declared unprofitable. "We will close them."

In Zubtsovskiy Rayon of that same Tver Oblast there are 29 medical clinics. Whether good or bad, they were operational and took care of the peasants. What should we do now? The directors of enterprises got together and decided—let's put the medics on the staff of kolkhozes and sovkhoses. It is a violation, of course, but there is no other solution...

As soon as they solved this problem, a new one arose: What should be done with the libraries? After all they too stand outside the parameters of market interests. Books have become more expensive, as have wood and coal, and librarians are demanding higher wages. Perhaps it would be simpler to close the library?

In some places they have closed...

Yes, but what should be done with the stores? The shelves are bare but shopkeepers must be there. There is also a cleaning person with helpers, and commodity researchers with collectors. No, for consumer cooperatives such stores are like a yoke around your neck. They must be eliminated...

Long ago the village was divided into two spheres. One includes the production sphere, which supplies bread, milk and meat. The other reflects the lives of the peasants with their unorganized everyday services. It is the second sphere that today is on the verge of deterioration, and as we know, without it the first sphere, i.e., kolkhozes and sovkhoses, farmers and leaseholders, cannot survive.

"We need some sort of mechanism for protecting the social sphere of the village," say peasant leaders, but it looks like no one is listening to them. It is understandable why this is so—today the entire country is looking for these very same "mechanisms." Only not in the sense of defending something, protecting it, but simply to defend. As a result things have reached the ridiculous—the producer has begun to protect himself from the consumer, the ruble—from commodities. Thus it seems that we will be moving toward the market for a long time to come, bearing more and more new losses with every step. And along this path how will we avoid losing the very basis of our lives—the village. After all, the law of the market is well-known—in the war of competition the weaker one perishes. And what in our country is weaker than the village?

#### Gritsenko: Concerns Not Noted

914B0097B Moscow SELSKAYA ZHIZN in Russian  
21 Feb 91 p 1

[Article by V. Raskin, parliament correspondent: "No Sense of Concern for the Peasant"]

[Text] "Panic buying must decrease." These words are taken from the responses of Prime Minister V. S. Pavlov to questions put to him by deputies on the second day of session work. Let us note that the council of ministers chairman spent more time at the podium answering the questions of parliamentarians than on Monday on his own speech. There were many questions for him from different groups of deputies and individually from members of the USSR Supreme Soviet.

The deputies were concerned about the problem of the emission of money—would it increase inflation? What is the situation involving food products in the country and why are coupons not being accepted? What should be done under conditions in which thousands of enterprises are on the verge of closing? What could be done to eliminate the difficult situation that has developed in agriculture? After all, only 10 days are left until spring judging by the calendar. In other words, there are many difficulties. What do the deputies and members of the USSR Supreme Soviet think about this?

[Aleksandr Vasilyevich Dolganov, director of the Rossiya State Breeding Enterprise, Lyambirskiy Rayon, Mordovia, Hero of Socialist Labor]: The agenda for this session has been approved. Even a rapid analysis of that which we are to discuss shows that no one has really decided to think seriously about the workers of the village, whom many are so skilled at describing from podiums, on television, on radio and in newspapers. Of course the draft laws that we are to discuss will facilitate the transfer of the economy to a market track. But what about the village? After all, the main idea now is to feed the country with bread, meat and milk. This possibility does exist. But we talk a lot and do little. It is like an empty barrel—it makes noise, but there is no purpose in it.

I have been director of the state breeding plant for 30 years now. I have been at my current enterprise since 1969. It was lagging behind and six million rubles in debt. Now we produce 2.5 million rubles in profits yearly. On 100 hectares of arable land we produce 185 kilograms of meat and 1,200 quintals of milk. One hectare yields 700 rubles of clear income. Others can operate in this manner. It is not only theoretical. In reality, however, conditions have not been created for this. I visited three of our rayons during the parliamentary vacation. People are on the eve of spring sowing, yet enterprises have no equipment—you won't find a rake or any nails. What kind of social base of development can we speak of if enterprises have neither cement nor slate? One brick costs over 1 ruble and a loaf of bread—20 kopecks. Yesterday for the Don combine we paid 48,000 rubles but today it costs 70,000. This is thievery of the first order! How can the poor peasant survive under such circumstances? And he still has to feed his family too. If the government and state do not provide assistance to the village immediately, I will authoritatively declare that we are on the verge of starvation.

I listened attentively to the speech of our prime minister. I must admit that in it I did not find that "link" that could be drawn upon to solve all our problems. The foremost of these, I feel, is the problem of supplying the village with industrial goods and of the operation of processing enterprises. After all, matters reach the absurd. Everyone knows that 25 percent of products perish without reaching the consumer. Yet no one takes strict, specific measures. It was recently promised that village workers will receive special allocations of 10 percent of all industrial goods. Words remained words. I will not discuss all social problems. With pain I will say one thing—we must drive 100 kilometers to visit a medical clinic.

[Nikolay Nikolayevich Gritsenko, Chairman of the Permanent Committee on Questions of Labor, Prices and Social Policy of the union council]: Our committee was one of the initiators of having the prime minister's speech heard. We wanted to receive an answer to two questions. How will compensation be implemented in connection with price reform? Has a program of price indexing been prepared? To a certain degree we heard an answer to the first part of the question from the chairman of the council of ministers. It is possible to dispute individual resolutions and conclusions and to carry on a discussion. But specific approaches already exist to solving the problem. However, it is not yet possible to provide a single answer because the opinions of republic and union governments diverge. Here the dispute concerns whom to compensate. Another aspect of the dispute is where more money will settle—in the city or in the village. Here everything must be weighed. It is important that not a single social group remain without attention and compensation. As for the question of price indexing, we hardly received a report. Perhaps Valentin Sergeyevich Pavlov has in mind that according to our proposals the draft of the Law on Indexing has been included on the agenda? Then evidently in the examination of this document the entire methodology of indexing in the country will be revealed. In any case, there is something to think about here.

Here are two opinions about the first days of work of the parliament.

### Progress of Peasant Farm Movement Explored

#### RSFSR Farm Numbers, Significance

914B0106A Moscow IZVESTIYA in Russian 26 Feb 91  
Union Edition p 1

[Article by V. Konovalov: "Private Farming in Russia Is Becoming a Way of Life"]

[Text] For a peasant, a year begins with the spring. For it is precisely at the present time, on the eve of field operations, that the changes which take place in our agriculture are most pronounced. Has much changed

during the year, what trends have become apparent, and have there been any improvements in the rural economy?

The key figure behind these questions—the new peasant owner and farmer. Thus, his status is becoming qualitatively different this spring, at least in our largest republic—Russia. Moreover, the situation here, where 11 percent of the overall number of peasant farms in the USSR are located, is to a large extent typical of the entire country.

First of all, the Russian farmer has finally become an object of statistics. Last spring the number of peasant farms in the republic was so low that it was extremely difficult to analyze their structure and parameters. How, for example, is it possible to define the average statistical farmer in Ivanovo Oblast if he existed in a single state throughout the entire oblast? And one year ago there were in Russia only 231 peasant farms. These singular-enthusiasts, who were separated from one another, were often thought of in their villages as eccentrics and trouble-makers and certainly never dreamed of a new agricultural way of life. Rather, they were experimental islands of independent management.

The proportion of private farming in the rural economy of Russia is still not very great, but nevertheless there have been tremendous improvements. According to information provided by RSFSR Goskomstat [State Committee for Statistics] and the ispolkoms [executive committees] of local soviets, 4,433 peasant farms have been registered. This is a small figure and yet it represents a fully formed new economic structure.

The statistical measurements of a Russian farmer are quite curious. In all, 203,900 hectares of land have been made available for peasant farms, that is, 46 hectares per farm. Certainly, this is a small figure from the standpoint of profitable operations. Moreover, one half of the peasant farms have land plots that are less than 20 hectares in size. On the other hand, the average farmer in Smolensk, Volgograd, Penza, Orenburg and some other oblasts have from 80 to 140 hectares. The difference is substantial and the opportunities among independent peasants for carrying out commodity production differ greatly.

Certainly, in some areas the local specifics of agricultural production play a role. For example, large tracts of land are being set aside for livestock grazing in the Yakut ASSR (an average of 600 hectares), in the Kalmyk ASSR and in Chita Oblast. Nevertheless, the chief concern is the attitude of the local authorities to the new way of life and to its future prospects.

Why, for example, are there only two peasant farms in Rostov Oblast, while among neighbors in the Kuban region there are 182? Are there fewer people desiring to farm in the Don region? By no means. I myself know many individuals here who for more than one year have been searching for the opportunity to farm on an independent basis. Distinct from their neighbors, it is simply

a matter of their not being supplied with the necessary land. Only six peasant farms have been registered in Lipetsk Oblast and at the present time there are more than 1,000 desiring to obtain land. Many such examples can be cited. It is clear that there is powerful resistance to the new way of life.

Proof of this can be found in one line taken from the statistical handbook—land has still not been made available for 690 peasant farms throughout the republic. They have already been registered, they have obtained private farm status and a bank account, they have acquired equipment as a rule and they roam from place to place on rented fields, but they have been unable to obtain their own land.

Yes, the new spring will be a difficult one for the private farmers. They are generally given the worst lands. Quite often they are the last to be assigned equipment and other resources. For certain services, they must turn to the kolkhozes and sovkhoses and accept the conditions imposed.

Nevertheless the peasant farms are commencing the field work season of this present year in a considerably more confident manner. They are already becoming an independent force, creating their own associations and organizing cooperative contacts and their own structures and services. The new way of life is today already a reality in our countryside.

### Peasants' Questions Answered

914B0106B Moscow SELSKAYA NOV in Russian  
No 12, Dec 90 p 8

[Article by G.V. Chubukov: "Land of a Peasant Farm"]

[Text] Recent letters sent in by our readers have contained many questions associated with application of the "Legislative Principles of the USSR and Union Republics Regarding Land." Answers to these questions are provided by Doctor of Legal Sciences G.V. Chubukov

[V. Yeniekeyeva] Sometime ago, in a discussion with fellow-villagers, I overheard the following: it is possible to obtain a tract of land for ownership and possibly—for use. I would like to know what is the difference here.

[Chubukov] Let us begin with land ownership. Its distinctive characteristic: a citizen obtains a tract of land for lifelong ownership for the purpose of operating a peasant farm or constructing a home and other buildings. Tracts of land for lifelong ownership are also presented for engaging in traditional national trades and for suburban construction. In everyday practice, citizens are often given ownership of land tracts through inheritance or when purchasing a home. It bears mentioning that the presentation of tracts of land for ownership and for other purposes can be provided for in the legislation of union and autonomous republics.

A tract of land presented for lifelong ownership can subsequently be transferred by means of inheritance.

Permit me to say a few words regarding land utilization. In this instance, a tract of land is presented to a citizen for permanent or temporary use in order to satisfy definite needs, for example gardening, hay-making or the grazing of livestock. The presentation of tracts of land for use and for other purposes can be provided for in the legislation of union and autonomous republics. Naturally, we do not have in mind here the inheriting of these tracts. However, an individual who inherited a peasant farm, can obtain a tract of land in the established manner for use, for example for hay-making, a tract which was used at one time by the legator.

[G. Volkov] We received a tract of land for use as a peasant farm. Two months later we were visited by the kolkhoz chairman. Having learned that we intend to grow cucumbers and tomatoes in the future, he persistently demanded that we employ the principal portion of our garden for fodder beets. Are we obligated to follow this "advice"?

[Chubukov] Only if you consider such action to be feasible and profitable. A land owner manages his own tract independently and nobody is authorized to "instruct" him as to how the work is to be carried out. Generally speaking, no organizations are authorized to interfere in the work of land owners (the same holds true for land users), with the exception of those instances when such individuals violate existing legislation.

[M. Danilov] I manage a peasant farm and grow vegetables on my plot. I have no complaints regarding my health and yet I would like to have the following point clarified: in the event I lose my ability to work, can I transfer ownership of my tract over to the son who lives with me?

[Chubukov] This possibility is provided by law. If a citizen who manages a peasant farm loses his ability to work, he can transfer ownership of his tract over to a member of his family who is jointly working the tract with him. And if no such person is available, he can transfer it to other persons in the manner and under the conditions established in the legislation of the union and autonomous republics. He is authorized to do this upon reaching pension age. For the same reasons, a tract of land can be transferred to a family member for temporary use.

[T. Ignatova] Following the death of my husband, I decided to move to my daughter's home in a neighboring oblast. I decided to sell my home and have already found a buyer. Naturally, the tract of land will go with the house. What bothers me? We had planted fruit trees on the tract and we invested considerable funds in order to improve the land. Can I demand compensation for the funds so invested?

[Chubukov] Yes. If the property of a peasant farm is sold, including the transfer to the new owner of a tract of land, the former land owner is entitled to obtain full compensation for all expenses invested in the land. Nor is this all. Let us assume that the former owner planted



vegetables on the tract in the spring and then one month later, without waiting to harvest the crop, he was forced to sell his home and depart the area. The purchaser is obligated to reimburse him for all expenses borne in connection with the purchase of seed and tending the plantings. If there is an orchard on the tract, the former owner must be reimbursed for its value. In each specific instance, an evaluation is carried out on all of the expenses which should be paid back to the former owner.

The same rules are followed when paying out compensation in connection with the sale of peasant farm property and the transfer of a tract of land to an enterprise or organization. The payment of compensation is carried out on the basis of a decision handed down by the soviet of peoples' deputies.

[V. Zalmanov] On the tract of land allocated to our family, we grew roots and managed a farm. And suddenly there was a new development: a decision was made to build a road in this area. We were ordered to move to another tract and to commence building once again. We were quite disturbed by this: the proposed tract was located on marshy terrain and we simply did not feel up to commencing new construction all over again. By law are we obligated to do this?

[Chubukov] No, the law here has been violated in a crude manner. If a tract of land is needed for particular state or public needs, it can be withdrawn only following the assignment to the owner, in keeping with his desire—here emphasis is placed upon his desire—of an equivalent tract of land in another area. An enterprise, institution or organization for whom a tract of land is withdrawn is obligated, at its own expense, to replace all homes and farm buildings in the new area that were torn down on the old tract. In addition, it must provide full reimbursement for all other losses borne by the owner of the tract of land.

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### Peasants Disappointed with Incentives Offered

#### Startup of Harvest Check Distribution

914B0095A Moscow TRUD in Russian 12 Dec 90 p 2

[Article by N. Troitskaya and M. Chkanikov: "Imports in the Village General Store"]

[Text] Our market economy (with rationing) has already produced quite a few supports for the ailing ruble—stubs, coupons, identification cards, invitations. The "Harvest 90" checks, which entitle one to purchase scarce imported goods, belong in that same "company." This new form of ration card was introduced by the Russian Government at the height of the harvesting season specifically to encourage state purchases of agricultural products.

Now that the harvest is in the granaries, the time has come to pay the bills. We asked A. Bondarenko, chief

economist of the Main Economic Administration of RSFSR Minselkhhozprod, how the "cashing in" of the checks is going?

"It is still early to total up the results, the checks will be honored until 1 October 1991," Anna Prokofyevna explained. "But we have already sent out checks all over Russia. But so far the goods have arrived in only 11 oblasts in the total amount of 180 million rubles [R]."

And where are the rest?

It turns out that they are now abroad—in Japan, South Korea, Switzerland, Finland—in short, in those countries where agreements on purchases were reached.

The attempt to use the checks as an incentive for performance of the state order was the first major campaign of the new team of the RSFSR Council of Ministers, so that keeping its word is important for the government's prestige. It is reported that I. Silayev, chairman of the Council of Ministers, asks for information nearly every day on delivery to Russia of the goods that have been purchased.

Sales for the checks have already begun in some places. In Dmitrov near Moscow, for example, a small store on the rayon market is doing this. Japanese audio equipment and foreign sheepskin coats are on the counters. But there are no customers. It is not because of the prices. At R2,500 for a television set or 1,500 for a tape recorder, you have to assume that people would buy. But in this case, happiness does not lie in money, but in the checks. The average participant in the harvest campaign received a check for R200-300. Accordingly, a television set could be purchased by four or five families if they pooled their money, and a tape recorder by two. But because some people are not interested in collective entertainment, there is no rush to buy the expensive things.

It is a different matter when goods are being discarded at a cheaper price. A line half a kilometer long forms before daybreak. As soon as they open the store's doors, there is an uproar, and the jam and bustle begin. The lucky ones who hold large denominations will happily drag home sewing machines or washing machines, jackets, and knitwear. Others will immediately go around the corner and sell their plunder at a large markup.

There is a particular incentive for this underground trade. A little mistake was made: too many checks were printed for large amounts and too few for small amounts. What is more, the clerk is not allowed to make change, he must immediately stamp the check "Exchanged for goods." One must immediately buy goods for the entire amount of the check from what is in stock at the moment—two washing machines, six jackets, or a box of lipstick. So it is no wonder that after this kind of "wholesale" purchase, people must inevitably engage in retail trade to get things off their hands at higher prices.



Trade in the checks at prices of three and four times for what they are made out is also said to be flourishing. And this is also understandable: You are not going to make up our huge shortage all at once in this way with any purchases abroad. Under present conditions, then, every rationing system inevitably fuels speculation. There are also other "side effects" that one can see. In short, it is by no means only those who worked in the fields this fall who will become the owners of scarce goods.

This is annoying, but in essence it is a trifle. It would not be worth paying attention to if the expensive and protracted campaign with the checks had been worth it. But unfortunately that is something that no one will assert.

"People worked the same as usual, no better and no worse," in the opinion of M. Izrailov, chairman of the Kadyi MPO in Kostroma Oblast. Which means that they did not earn the checks? Here are the facts: the order called for allocating to Kadyyskiy Rayon checks in the total amount of R1.5 million, but the farms earned only 80,000. Many people preferred to hold on to their farm products in spite of the attractive imported consumer goods.

It seems quite futile to draw any far-reaching conclusions about the effectiveness of the new incentive on the basis of isolated cases. But let us use common sense: Can our peasant be enticed with promises when he has been deceived so many times? This is what immediately happens: I give you a truck of grain, and you give me a VCR, I give you a sack of potatoes, you give me a pair of shoes. But to wait for imports until the last day before Lent—you must be kidding! No farmer in his right mind will fall for that.

And in general there is something doomed about the attempts to support the command and coercive system of procurement by economic measures....

But in the meantime the operation with the checks will apparently be carried through to the end. The Russian Council of Ministers adopted another decree in November, this time concerning urgent measures to carry out the previous decree about the checks. The goods earmarked for sale in return for the "Harvest 90" checks have been exempted from customs duty; the "green light" has been given to their transport. We must hope that in spite of the customs barriers which the union government has raised in response the consumer goods will reach the hands of those who earned them. And that the peasant will soon pass his leisure time in front of Sharp VCRs, patch trousers on Jaguar sewing machines, and take walks on the bad rural roads in Hegel boots.

#### Failure To Make Good in Tver Oblast

914B0095B Moscow SOVETSKAYA ROSSIYA  
in Russian 23 Jan 91 First Edition p 2

[Article by Yu. Burov, SOVETSKAYA ROSSIYA special correspondent, Tver Oblast: "We Have Been Tricked"]

[Text] First, I will quote from one of the letters received by the Tver Agricultural Committee.

"Oh, Lord! How they deceive the gullible Russian people! Especially rural inhabitants. The government issues ukases and decrees, but no one carries them out. And this is the result: 'Farmers! Bring in the harvest, do not allow it to rot! And we in turn will give you reliable "Harvest 90" money checks, and you buy everything you want with them.'

"The harvest was brought in long ago, the checks were earned, but where are the goods? Who is supposed to furnish them?

"In its decree, the RSFSR Government guaranteed goods to everyone who earns the checks. So now give us what you promised."

[Signed] Clara Bes, settlement Emmaus, in "Zavety Lenina" OPKh [Experimental Demonstration Farm], on behalf of all those upset by this deception.

An angry epistle indeed.... But we were unable to meet the author: there is no such woman working on the experimental-production farm.

An anonymous letter?

"No doubt about it," answered V.T. Dichenskiy, the farm's chief agronomist, "but the facts are solid. This business of the checks has brought nothing but agitation and bad language, like throwing gasoline on a fire."

"Yes, they really created a mess with these checks," says V.I. Romashov, chairman of the Kalininskiy Raysovet, not hiding his annoyance. "With this decree, they have set everyone at odds they possibly could. And the upshot is that the buck has stopped with us at the rayon level, who must answer the people. Even I do not know who is truly responsible and where to look for him."

This admission was both disconcerting and confusing. It was thought that by this time, at the height of winter, everything must be entirely clear about the promises made last summer. But instead of clarity, there are a multitude of riddles. We had to go back to the very beginning in order to puzzle them out.

It all started with the decree of the RSFSR Council of Ministers entitled "On Urgent Measures To Increase Purchases of Agricultural Products From the 1990 Harvest and To Ensure Their Preservation." The document was signed on 26 July of last year by I.S. Silayev. That same day, B.N. Yeltsin, chairman of the RSFSR Supreme Soviet, issued an appeal in SOVETSKAYA ROSSIYA for his countrymen involved in bringing in the harvest to immediately improve the grave food situation in the republic. It also mentioned the "Harvest 90" checks, which would make it possible for all those who took part in the harvest to buy goods under preferential conditions with their hard-earned money. And others as well. Animal husbandrymen, transport

workers, procurement personnel, and processors were also promised supplemental payment with the special checks.

The decree was published the very next day. The conception impressed people. It was quite something—10 billion rubles' [R] worth of the scarcest imported goods were to be displayed on rural store counters as an additional incentive for the effort and zeal of the peasants and their helpers! What is more, 40 percent of this amount could be spent for equipment, supplies, medicine, and shops for processing the products. The simplicity of the settlement and calculations was also appealing. Everyone delivering products to the state would receive checks in the amount of 10 percent of their value. Rospotrebyuz was commissioned to organize the sale of goods on the basis of advance orders, ensuring that the shortage would be made up for consumers no later than 1 January 1991.

That was the handsome and romantic conception. But how did it turn out?

For the sake of illustration, we will take the example of Tver Oblast. During two quarters of last year (from the time the decree took effect), the oblast earned checks amounting to almost R70 million. But goods were allocated only in the amount of R9 million.

The department of the oblast consumer union headed by T.G. Magdiyeva was handling the supply of goods to cover the checks. Immediately following the decree, she and her subordinates had an urgent, nerve-racking, and, in many ways, confusing job to do. To collect, that is, as recommended by the government document, the orders for the goods desired. To sit down with the people from the agroprom and calculate what goods in what value amount would go to the oblast's 36 rayons. Over four quarters and in each separately. Thousands and thousands of figures, volumes of goods for the rayons scrupulously calculated down to hundredths of a percentage point (so that no one would be offended)—all depending on the amount of products which each rayon sold to the state....

And then nothing came of it. It is painful and embarrassing to write about. Instead of an assortment of the hundreds of items originally assumed, customers were offered only nine. Most things were priced at R2,000 or more. At the same time, the average sovkhoz worker or kolkhoz member earned checks worth R150-300. How were they to proceed, where was the wise solution to be found? People were racking their brains over this not only in the "Zavety Lenina" OPKh, which was the source of the letter sent to the oblast's agroprom which was angry at the rayon authorities. Others were no luckier.

On the Sovkhoz "Smena," for example, they earned checks worth R52,000 just during the third quarter of last year. But the goods received did not amount to even 14,000.... After lengthy debate, they decided to have a drawing for all those who had earned the checks. And the

hat was passed around.... N.P. Kulikova, zootechnician, "pulled out" a VCR. Of course, it might be said that she also "took home" with her the checks of several other people.... Who tricked them? People are making guesses at this point. Not the oblast consumer union, nor the rayon apparatus, and least of all Kulikova. But that is not all. When asked to demonstrate how the Japanese equipment worked, N.P. Kulikova angrily replied that it did not work at all—the box is standing in a corner because there is no serviceman in the village who would hook it up and adjust it. And she does not know where to look for just one video cassette and a color television set from which she could make a tape....

The VCR "sits in a corner" in the Lebedev family as well. G.V. Lebedeva was asked "Why did they buy it?" "But what are you going to do when that is what you won?" There was noise and an uproar in the village council where this conversation was struck up. The women had harsh things to say about the sale of merchandise for the checks, and they were not complimentary toward the authors of the decree. But they also had sensible thoughts to express. To the effect that those who made the decision, which in itself was not bad, had not thought it through. If they knew what people needed, they would not have promised and tempted them with a bluebird from over the seas, but would have provided rural inhabitants with more shoes, clothing, dishware, vacuum cleaners, washing machines, sewing machines, and building materials....

I also went to see A.V. Borisova, head of the operational group of Rospotrebyuz (specifically created to redeem the checks). She said that not a kopek's worth of goods had been purchased so far to support the program announced by the Russian Government for stimulating peasants with goods. But even though it had nothing to do business with, Rospotrebyuz somehow scraped up goods from its own resources worth R150 million and organized what was called a trial redemption in 11 krais and oblasts of Russia (out of the more than 70). The people in Tver Oblast were among the lucky ones.

The reader already knows how the "blessing" that fell on the rural inhabitants turned out in Tver Oblast. I telephoned my fellow countrymen in the Volgograd Agricultural Committee. "We cannot keep up with the requests and claims," they told me. "While on the other side—from Moscow—all we get are promises, which become more magnanimous by the day."

As we have already said, A.V. Borisova's team is trying to divide up more fairly what does exist at its disposal. Although this desperate attempt to save the prestige of the Russian Government is perplexing even to the cooperators themselves. The reason is that the goods now being released for redemption of the government checks were intended for altogether different purposes. For what is called countertrade. Still more precisely—to stimulate those who will deliver to the consumer cooperative more meat, mushrooms, berries, medicinal raw materials, and so on. I put in a call to G.V. Kulik, first

deputy chairman of the RSFSR Council of Ministers, one of the authors of the decree.

"First of all," Gennadiy Vasilyevich replied over the phone, "if you read the decree carefully, you will see that the checks can be redeemed for goods up until 1 October 1991. Second, the redemption has already begun. What is more, additional resources have been allocated to acquire the next lot of goods: in particular, to the association 'Istok.' I assure you that we had no intention whatsoever to deceive the peasants...."

Would that it were so. After all, they have already deceived them, set people at odds, and made people bitter. Because the peasants who carefully read the decree noted this passage: "Goods are to be delivered to consumers for the 'Harvest 90' checks no later than 1 January 1991. A two-month period is to be allowed for filling orders based on these checks."

Nor, as it turns out, is the future sketched by G.V. Kulik encouraging. One of the staff members of the foreign economic association "Istok," which he mentioned, which is headed by the famous Artem Tarasov, talked to me on this subject without optimism. True, an order of the Russian Government has allocated to the association allotments for petroleum, mazut, and rolled metal products. And foreign firms have nothing against concluding profitable deals to deliver imported goods for the peasants. The trouble is that those who possess the resources are not giving them up, they just keep on asking what they are going to get in return?...

So that the hopes of Russia's peasants have once again been dashed.

### Failure To Keep Word Lamented

914B0095C Moscow SELSKAYA ZHIZN in Russian  
16 Feb 91 p 1

[Article by Aleksandr Morgachev: "They Looked Forward to It Happily, but They Cried When It Happened"]

[Text] The saying is that the scantier the goods in the cities, the more meetings there are. In panel discussions and lectures, in front of microphones and television cameras, the commanders of the new wave are putting the question: When is the peasant going to feed the country?! Some of them are even upset: Exactly what more, they say, does he need now that he has completely returned to being a peasant? We give him the land, we are privatizing livestock-raising operations, we are selling tractors. Now the time has come to work hard and feed the state.

But the peasant seems to have stuffed his ears with cotton. He has clammed up in his snow-covered village and is pouting—he has been offended. By what? Was it not in his honor that so many laws have been passed? And what laws they have been! On priority in rural development and its social welfare, about land and ownership, about the "Harvest 90" coupons and

redeeming them, about the sale of goods for foreign currency. All of it for you, esteemed farmworkers, everything for your benefit.

But the countryside is silent. And, most important, it has put the food away in its pocket. On the one hand, there is nothing with which to feed the country, but they are holding the grain in warehouses and barns.

The peasant commanders suddenly got an idea, they fell back on tradition in writing appeals. So, they said, dear farmers, your brothers and sisters in the cities—producers of machines, fertilizer, and clothing—want to eat, and the stocks of flour in the bread bakeries are melting away like the snow in May. Come to their rescue, sell your surpluses, and we in return will....

But then there was a hitch. The commanders fell to thinking: What would they promise the peasants now? In 1986, when in the fall there was also an inauspicious cessation of grain purchases, the government announced a condition: we will sell the peasants the scarcest agricultural machines, first-class equipment, for products of cropping sold over and above the plan. They knew which button to press.

I remember how happy this innovation made A. Vishnyakov, chairman of the Lipetsk Kolkhoz "Zavety Ili-cha"! Although his farm is strong, one of those shown to guests from the capital, if you go to see what the situation is with one of the remote brigades, livestock operations without electric power are like a gusty wind.

"We will haul everything we can to the elevator, and we will buy a few portable power plants," Vishnyakov said. At that point, he still believed in the new commanders. Of course: "perestroyka," "the fresh wind of the times," "the truth, nothing but the truth...."

I met the chairman a year later. So, I asked, what did they buy? Vishnyakov threw up his hands in reply: What fools they have made of all of us. When you think of it: if Vishnyakov, who is acquainted with ministers, "could not succeed," then why even speak about simple mortals?

The need to get something from the peasant over and above what he had already given arises for the state in our country every year. It is in fact understandable: first there is a strain on sugar, then there are interruptions with vodka. So let the peasant raise sugar beets and barley. And we will pay you for that in hard currency. So you want to have "greenbacks"? So go scrape out your granary, sweep out your storehouses and you will be a friend of the king and invited to the minister's wedding—dollars open any door.

The enticement worked. They hauled it, they carried it, they dragged it. The temptation was painfully great: hard currency! For that you could have a foreign combine, for that you could get Russian nails.

And now let us ask: Who of us, esteemed rural readers, has held foreign currency in his hands? Looked at it up

close? It turns out that the leaders in Moscow have once again played a cunning trick—they thought up a mechanism for spending that very foreign exchange whereby its legal owners do not really know to this day whether they have it or not. Why, you ask? The answer they give is this: The peasants “are driving” the foreign exchange in the wrong direction! What is more, perhaps they will buy French powders.

Even so, that is how it is. You gave your word, stick to it! Far from it....

The editors have been simply overwhelmed with the flood of letters from those who have been tricked and insulted. They come from those who have sold their harvest and were promised washing machines for their meat. They come from outstanding workers to whom they swore they would sell sheepskin coats for their record grain output. They come from those who heard with their own ears from the mouths of the people's deputies: The peasants have been allocated 100,000 automobiles. “Where are they?” people are asking. “Why have the deputies bought them for themselves, but no one offers us anything?”

You write to us, and we forward the letters to the right place. You send us telegrams, and we are silent because the newspaper is not required to answer for something it never said. But the telegrams keep coming....

“The Experimental Farm ‘Leninskiy Put’ in Novokubanskiy Rayon of Krasnodar Kray, to its own detriment, having renounced the opportunity to obtain foreign exchange, sold to the state over and above the state order sunflower seed and soybeans on the understanding, guaranteed by the state, that it would be able to acquire vehicles which the farm needed badly. But in spite of the obligations the krayagrosnab refused to release the vehicles, offering other equipment instead. We consider this an outright deception.”

This opinion is correct on the part of Roginskiy, the director, and Pervitskiy, chairman of the workers council. Yes, yes, the very one—the Hero of Socialist Labor, winner of the USSR State Prize!

Just think: if Pervitskiy, famous throughout the country, has nothing more with which to oppose the deception than a telegram to Moscow, then what is the situation of unknown rank-and-file farmers? What kind of patience must they have, what kind of nerves, every time to be disappointed this way and at the same time go on working and inspiring people?

More than one generation of Soviet citizens has grown up in an atmosphere of lies and hypocrisy. From our early years and to our last hour, we have lied and lied, and the lies seem to be the truth, and the liar a hero, and a fabricated life reality. But man's store of moral strength is great, as is his desire for rectification. It was good when the opportunity arose to live by the truth, as it gushed into our reality, just like spring torrents from the mountains. And we bathed in it, we drank it in with joy,

not even noticing how a froth of new lies had emerged in the abundance of drink. But illusions do not last forever. We came to our senses. We saw through them. And once we saw through them, we were struck dumb: the same thing was happening, the leaders were new, but the methods were the same as before. None other than B.N. Yeltsin pledged in his appeal to Russia's farmers that in exchange for grain, potatoes, and beets he would flood the countryside with imported goods, scarce goods, in exchange for the “Harvest 90” checks. And now in that same Lipetsk Oblast 217 champion combine operators, instead of readying “the ships of the steppes” for a new harvest, are now going from one official authority to another trying to “get ahold” of some cars. Along the way they are cursing the local bureaucrats because they are convinced: Yeltsin himself could not have deceived them. And the local “bureaucrats” are not even in a position to clarify anything about the promised Zhigulis. They call Moscow, they send telegrams, and the response is silence.

And look at what is happening to prices. Day and night they are telling the peasant that in price policy peasants have the priority. In actuality, this is the arithmetic: construction of a simple livestock operation costs R700,000, a dwelling 110,000, the purchase of a “Don” combine 60,000. When we add to everything we have said sausage in the co-op store for R25 a kilo, a medical station that is miles and miles away, and a hut that is cold because of the limit on coal, and then we wonder: Why is the peasant pouting and why does he not want to feed the state?

These days we measure life against the West. All we hear is what life is like for them! We are happy if “we have the same as they do.” We are embittered if “we still have a long way to go to reach them!” So in this case, in business circles there is no breach more fatal in their context than an unkept promise. If you break your word—that is it, you can say goodbye to your career because the business world will shun you. I recall that at one time John Block, former U.S. secretary of agriculture, was a guest of Tsentrosoyuz, and he could not understand why in the consumer cooperative system there were so many bills of lading, orders, and receipt books. “Is it not enough to give your word?” this businessman said in surprise, coming from that world in which banks release gold bars on a word of honor and firms release goods.

We would like to live the way they do. It is not happening. We are living like hourly workers—day by day: Today they deceived us, they got what they wanted, but for tomorrow we will see. Perhaps tomorrow somehow everything will work itself out, and we will not have to rack our brains.

But we will, we will have to. The formula for this is well-known: a lie gives birth to a new lie. And as long as that ball rolls, the state gives the appearance that it is sincerely interested in the needs of the peasants, and the peasants give the appearance that they are feeding their own state. Who will be the first to say: “Enough!”?...



### New Agriculture Minister Interviewed on Structural Problems

914B0117A Moscow SELSKAYA ZHIZN in Russian  
7 Mar 91 pp 1-3

[Interview with Vyacheslav Ivanovich Chernoi vanov, USSR minister of food and agriculture, by Ye. Petrakov: "I Understand the Full Severity of the Problems"]

[Text] A ukase of the USSR president has been published installing Vyacheslav Ivanovich Chernoi vanov in the position of USSR minister of food and agriculture. The new minister was born in 1938 in Groznyy. He is a graduate of the Tashkent Irrigation Institute, a mechanical engineer, a doctor of engineering sciences, a corresponding member of VASKhNIL, and a member of the Russian Agricultural Academy. The last post which he held before being given his minister's portfolio was first deputy chairman of the State Commission of the USSR Council of Ministers on Food and Purchases. He is married with three children: two grown sons who have also become engineers, and a daughter who is graduating from secondary school this year. A correspondent of SELSKAYA ZHIZN met V.I. Chernoi vanov and asked him to answer the editor's questions.

[Petrakov] Vyacheslav Ivanovich, you are taking up the position of the country's minister of food and agriculture in a time that is difficult for it. That suggests our first question: How deep has the food crisis become, and can we count on getting out of it soon?

[Chernoi vanov] Yes, we must speak today about the serious crisis in the food sector. One fact indicative of its depth, say, is that over the last five years the volume of food in the country has grown by 30 billion rubles [R], but unsatisfied demand for foodstuffs (which hardly existed at all previously) is now estimated at 50 billion.

Do not expect consoling forecasts from me. We must forthrightly acknowledge that over the next year or two we will not succeed in any substantial increase in the volume of production of agricultural products. That is a reality of the present day. The main task in the immediate period ahead is to do everything to preserve and maintain the level we have reached. Let no one think that posing the problem this way makes it any easier. No, this is a very complicated task, and I would even call it one of the utmost difficulty. But it must be performed. Without entering into an analysis, I would only note that the declining trend of production in the APK emerged later than in other sectors, and so far—I emphasize, so far—has not passed over to become an irreversible process.

[Petrakov] What will the new ministry's program of action be in this connection?

[Chernoi vanov] It might be put this way. Every effort to support and develop the potential that has been built in

agriculture and is aimed at increasing production efficiency. Achievement of the necessary economic prerequisites guaranteeing high motivation for work in order to increase output and raise productivity. An increase in food production thanks to reduction of losses and more thorough processing. State support for new and traditional forms of economic activity. Formation of a balanced supply of resources for production. And finally, activation of all levers that guarantee a strengthening of discipline concerning deliveries and contract performance.

The APK is an inseparable part of the country's economy, and all the adverse processes taking place in our society are also present in it. And consequently, state policy toward it cannot be separate and apart.

For many years running, for instance, we have been talking about priorities in the development of agriculture and the food processing industry. We, of course, have not just been talking, but also have been doing something. But it is evident that this has so far not been enough. In my view, we need a general change of policy, which must organically include a change of attitude toward rural areas and the agrocomplex.

[Petrakov] What should be the first step?

[Chernoi vanov] Ensuring high work motivation. This must be the aim of all efforts, the adoption of laws, the formation of structures and mechanisms, including those that guarantee incentive, responsibility, and discipline. The principles of this policy have been worked out, they have been clearly and unambiguously stated in the program of the USSR president.

There is surely no need to state them once again. I would only note that in the agrocomplex we need to speedily halt the development of the adverse trends related to the declining discipline in deliveries of foodstuffs and raw materials to union, republic, and interblast stocks and to reduction of the supply of resources, which has forced producers of agricultural products to react by holding back their products for direct commodity exchange. We must halt the breakdown of material and technical supply and the decrease in area planted and the number of head of livestock when there is no corresponding rise of the yield and productivity. We must also put an end to the great dependence on imports, which is manifested in the fact that this year, for example, plans call for producing 20 percent of the total volume of food with imported raw materials. Another exceedingly important area for effort is introduction of scientific-technical progress. These problems are underestimated in our country, funds being allocated for agricultural science and application of advanced technologies, new varieties, and highly productive animals are decreasing. I feel there must be a decisive turnaround in this area.

[Petrakov] Which measures in this long list seem paramount to you?



[Chernoivanov] First. At all levels of management, we must be involved in the perhaps not very noble, apparently routine, but extremely necessary, everyday effort to guarantee completion of the wintering of livestock and preparation for spring fieldwork and harvesting the crop. I would like these words to be taken not as an appeal, but as a reminder of the urgent need of the day.

The basic prerequisites exist for performing that effort successfully. At the union level, the necessary decisions have been made. They are contained in the package of documents of the USSR president and the decrees and orders of the USSR Government. For example, on bringing grain into state resources on the basis of direct motivation of commodity producers. This will make it possible to reduce the acute strain on supplying concentrated feed for industrial-type livestock and poultry raising.

Orders have been issued to improve the material and technical supply of agriculture in connection with the preparation for planting, especially the supply of spare parts. I would emphasize that when the repair season began agriculture received R80 million less than it should have, and accordingly the preparedness of equipment remained at an unprecedentedly low level.

Last year, we became convinced that we could not harvest fruit and vegetable crops and potatoes without enlisting city dwellers and university students to help agriculture and without allocation of additional transport. Government documents have implemented the decision on this matter.

Second. We need to urgently complete the work on contracts within the framework of the Economic Agreement of the Union of SSR and the Union Republics, guarantee conclusion of contracts for the volume of deliveries under all contracts, including delivery of all types of resources and products of machinebuilding.

Third. It is equally important in this stage to use every possible method (directive, economic, and administrative) to ensure discipline in the delivery of agricultural products and food to the union fund and through inter-republic exchange. Only in this way will it be possible to guarantee the food supply to Moscow, Leningrad, large industrial centers, and those regions which have traditionally been importers. It is irresponsible to count exclusively on imports in solving these problems. We need to be involved in importing, but this is not a way out of the situation, especially since opportunities for it are very limited.

[Petrakov] These were the problems at the center of attention in the session of the USSR Cabinet of Ministers on 4 March, which took up the question of progress in carrying out the Economic Agreement of the Union of SSR and the Union Republics. What decisions were made?

[Chernoivanov] The general uneasiness with the state of affairs was expressed in the meeting. It was noted that

the situation in economic and social life has deteriorated, and in a number of areas it has become intolerable. In seeking a way out, the participants in the meeting unanimously expressed the opinion that the solution to the problems does not lie in the old administrative methods, but in a consistent and unswerving advancement toward the market.

Note was taken of statements by leaders of a number of union republics to the effect that obligations for deliveries of foods and other goods covered by the agreement will be unconditionally performed.

The committee for stabilization of economic relations and ministries and departments have been ordered to take urgent steps to settle the unresolved problems in carrying out the economic agreement.

[Petrakov] Market relations are knocking at the door, so to speak. How do you as a minister see the approach to them?

[Chernoivanov] I think it is important not to allow the existing structures to be broken down, not to set the differing economic forms in opposition to one another, but on the contrary, to achieve their optimum combination through this diversity.

Even in the foreseeable future, the kolkhozes and sovkhozes will remain the principal producers of foodstuffs. Private farms must develop alongside them. The main thing here is not the economic form itself, but the consistent application and strengthening of the principle that the product raised is the property of the producer. He disposes of it independently. That means we have to achieve balance between the supply of resources and the production of agricultural products. (The reference here is to the necessary equipment, up-to-date technologies, fertilizer, building materials, and other supplies.) Assistance should be given to agriculture in developing a broad network of small-scale processing facilities in areas where there is production for the market, the state order or taxes should be set at the minimum necessary level, and the producer should have the right to sell products freely on the consumer market.

One of the key directions is to carry out a land reform and the related development of peasant (private) farms. As is well-known, the decision has been made to set aside about five million hectares [ha] for that purpose. As of today, almost half of that area has actually been transferred already. We need to take advantage of people's desire to work on the land, not stand in the way of this process, but support it. The peasant must feel that support from the state not only at the level of adoption of laws and decrees. It should be implemented through the necessary machines, machinery, and supplies. I think that in the first stage (two or three years) this problem needs to be solved through production of equipment already being produced: for example, tractors like the MTZ "Belarus," the YuMZ, and others. At the same time, we need to increase the output of new machines and equipment better suited to private farming.

The infrastructure for a service system needs to be created at the same time. The first steps have already been made in that direction. Service centers are being created to serve peasant farms, lessees, and cooperators. Some 15 dealerships have been organized and 40 technical centers with equipment rental units. This is, of course, a drop in the ocean. But the first step is to be followed by others.

The state must also assume responsibility for training and retraining, the entire range of problems in training the farm labor force, especially for peasant farms.

And one more remark. I have already said that in recent years the problems of introducing scientific-technical progress have unfortunately been underestimated. We have been losing a very great deal because of this; after all, a good scientific potential has been created (VASKhNIL and the branch and applied systems). Finally, we need to broaden basic research, but the main thing is to apply and use what has already been done. In the 12th FYP, for instance, 2,000 new models of machines and equipment were created for the agroindustrial complex, and more than 320 progressive technological processes were developed.

At the same time, it is alarming, for example, that out of 246 machines necessary for full mechanization of fruit and vegetable growing, only 75 have been organized for production and are now being produced by industry. The level of full mechanization in raising potatoes does not exceed 40 percent, for vegetables—20 percent, and in fruitgrowing—25 percent. We might give quite a number of such examples. The problems of the organic marriage of science and production on the foundation already in place must take its proper place in the ministry's activity.

Storage and processing facilities remain one of the main problems. Everything seems to have been prescribed in decrees and programs, everything seems to have been said, we are relying on conversion, but at present this is more a matter of words on paper. The development of ancillary branches, above all in the machinebuilding complex, must be seen as an unfailing condition for solving this problem. Otherwise we can hardly anticipate real change.

It is evident that we need to turn serious attention to motivation of the work of machinebuilders. Create the economic prerequisites for that, guarantee state support along the most important directions, and commit the appropriate material and technical resources to the production of equipment and machines for processing and storage of agricultural products.

This is all the more important because in the years immediately ahead practically the only untapped reserve for increasing the production of foodstuffs is to reduce losses and process agricultural raw materials more thoroughly.

[Petrakov] What wishes do you have to convey to the readers of SELSKAYA ZHIZN?

[Chernoivanov] First of all, successful completion of wintering, good preparation for spring planting. I am convinced that the conscientious work by which rural inhabitants have always distinguished themselves will make it possible to overcome all the problems that arise and with our energetic help will ensure the population a supply of an adequate amount of food.

Good health and good fortune, dear comrades!

[Petrakov] Thank you for the interview.

We might mention that USSR agriculture has been headed by the following in recent decades: I.A. Benediktov—1947-53, A.I. Kozlov—1953-55, V.V. Matskevich—1955-60 and 1965-73, M.A. Olshanskiy—1960-62, K.G. Pysin—1962-63, I.P. Volovchenko—1963-65, D.S. Polyanskiy—1973-76, V.K. Mesyats—1976-85, V.S. Murakhovskiy—1985-89, and V.V. Nikitin—1989-90.

**Excerpt From the Transcript of Discussion in the USSR Supreme Soviet of the Candidacy of V.I. Chernoivanov as a Member of the USSR Cabinet of Ministers**

[Question] The country has never had such a situation in which 16 million ha of plowland lay fallow in the spring, in which 6.5 million ha of winter crops went unplanted.

[Answer] During this year, we have an extremely complicated situation, and if we are to tell the naked truth, then probably there has not been such a situation in the last 20 years. But in general (on the whole) the amount of work in the aggregate is increasing 25 percent in the spring.

[Question] Constant attention has to be given to the sugar industry. Soon we will also begin purchasing seed abroad. Processing is another question.

[Answer] In my previous position, I assumed and still believe that seedgrowing must be raised to a completely different level. This is the foundation of foundations in our activity. In this area, of course, we have been remarkably unsuccessful in the recent past.

As for processing all the sugar beets which we do have. If we are able to replace the technology and bring it up to the present-day level, that which has been achieved in Europe, mainly in France and the FRG, then we would be able by that effort alone to add the amount of sugar which we are short today. There is a program of action in that direction to enlist foreign firms in the reconstruction of the plants. The sugar beet needs to be processed not in 120 days, as is now the case, but the season needs to be shortened at least to 90-80 days.

[Question] Why are we not paying our sovkhozes foreign exchange to purchase varieties of vigorous hard wheat? It is better to purchase locally because our farms still have a large amount of grain which has not been sold to the state.

[Answer] This question was recently taken up in a session of the Cabinet of Ministers. A decision was adopted to purchase grain on the farms for foreign exchange during the current year. Additional material and technical resources have been allocated (in the second stage) for their purchase. That is the part of the problem that has been solved at the governmental level. A number of fairs have been organized. There is one favorable result—we have received about 100,000 tons of grain at Moscow fairs. This effort will continue in the future. The problems have been solved with foreign exchange and material and technical resources.

## REGIONAL DEVELOPMENT

### Kirov Seminar Discusses Non-Chernozem Zone Problems

914B0101A Moscow SELSKAYA ZHIZN in Russian  
16 Feb 91 p 2

[Article by SELSKAYA ZHIZN correspondent V. Tatarenkov: "Difficult Ascent"]

[Text] SELSKAYA ZHIZN has already reported on the seminar-conference of workers from the RSFSR Non-Chernozem Zone's agroindustrial complex that took place in Kirov. Today our reporter will share his impressions about it.

Many figures were quoted at the meeting, most of them alarming. The speech of V. Naumov, RSFSR Deputy Minister of Agriculture and Food Products, and the co-speeches of N. Dmitriyev, chairman of the regional division of Rosselkhozakademiya [Russian Agricultural Academy] and V. Alakoz, deputy chairman of the Committee for Land Reform, and the verbose concluding speech of G. Kulik, First Deputy Chairman of the RSFSR Council of Ministers, were replete with figures. Many of those who spoke in the discussions also were not modest in their use of figures.

One figure struck us especially. It turns out that according to the assessments of foreign and native economists, the country is producing enough food to feed 700 million people to satiety. Yet we 295 million cannot obtain anything even with a card.

The first reaction to the shocking contrast between the possible and the actual is: Where is this mass of food disappearing to? And only then do you realize that, oh yes, "produced" and "eaten" are not the same thing by far. In the words of one of our speakers, only 30 percent of our fruit and vegetable products reach the table. Losses are terrible, but we have already gone through that—processing is weak, the storage base is worthless, technology is antediluvian and there is a shortage of equipment.

Incidentally, here are the characteristic facts. According to modest calculations, one of the grain regions of Kirov—Lebyazhskiy—each year leaves over one-third of

gross grain yield in the field since the load per combine is incomprehensibly high—240-260 hectares, and the capacities of the drying-sorting enterprise enable us to process a harvest only in 65 days. Over two months of harvesting with an optimum of 10 days! In the oblast as a whole the production cost of fixed funds per 100 hectares of agricultural lands is less by a factor of 17-18 than in developed countries. What is there to say?

For seventeen years now we have been talking about raising the Non-Chernozem, and we see no end to this raising. I have no intention of throwing a shadow on the hurdle. There have been changes in production volume, in the social sphere and in the development of the infrastructure—this was clearly indicated at the meeting. In the lobby I became acquainted with G. Lobus, director of Krasnyy Oktyabr Sovkhoz and the Bryansk representative. In his sovkhoz on soil with a humus content of about 1.5 percent almost 52 quintals of grain, 400 quintals of potatoes and more than 1,000 quintals of feed root crops are harvested per hectare. Milk yield per cow reaches 6,000 kilograms and with the availability of 5,500 hectares of plowland profit reached seven million rubles last year. Kirov workers were able to show their guests the best enterprises, which aroused genuine delight in many. Probably in every republic and oblast of the region there are similar islands of assiduous farm management.

The overwhelming majority of them, which we must honestly say are squeakingly bringing up the rear in the Food Program, continue to vegetate. And although, as noted in the speech, "the main result of implementing a complex of organizational, technical and economic measures has to do with preserving a Russian village in the region without complete degradation," the wheel is turning and the brakes are not fully operational. In many places the number of retirees among the village population is significantly higher than that of young people. This is no longer a symptom but a pathology. It is impossible to do without effective measures.

Voices were raised that what was needed was another resolution about the Non-Chernozem Zone. The holy belief in the encompassing power of paper! Is there something wrong with decision II of the special RSFSR Congress of People's Deputies? Yet it is a fact that the new hopes that it gave birth to are being replaced by disappointment right before our eyes. All priorities, including freedom of management, have been given to the village. But in deed the village continues, as before, to bear the yoke of economic and administrative dictates.

It is expressed in the form of a production tax, from which, as one of the speakers noted, it is only a step to production detachments and to fixed prices for agricultural products under conditions of galloping price increases for material-technical resources. This leads to an unhindered increase in production costs. As a result something like the following happens. This year the enterprises of Kirov Oblast will have 246 million rubles

of income due to the new prices for agricultural products. At the same time, production expenditures will exceed 290 million rubles. In other words, in addition to the amount the Vyatsk peasant sells his produce for, he will have to add from his own pocket about half a million rubles. Here we really have a situation in which you "add a pitcherful but take a bucketful."

The law foresees indexing, which enables us to compensate agricultural producers for supplementary expenditures in connection with increased prices for industrial products and taxes for services. However, from the very beginning this has been ignored by various ministries and departments. The Russian parliament, which is totally involved in politics, is naturally not concerned with this. But it must be understood that if things continue in this manner we will be talking not about volume but about the survival of the Non-Chernozem village.

Incidentally, this dismal prospect is all too real for many enterprises. According to the calculations of specialists, up to one-third of kolkhozes and sovkhozes in the region are becoming bankrupt with the introduction of the new procurement prices. In other words, there is a question about their viability. After all, we will now no longer have reimbursement for losses by means of the state budget, and the existing mechanism of support is clearly inadequate and of little use.

What should we do? The proposed variants—combination with strong enterprises, transfer to industrial enterprises—clearly did not inspire the audience. The administration of Minselkhozprod [Ministry of Agriculture and Food Products] has good intentions to breathe life into such kolkhozes and sovkhozes by means of a transfusion of fresh farmer blood. The ministry itself has begun to set up 3,000 peasant enterprises. But when will this measure yield a return? We must work and produce products today. And how can we live without knowing what will happen tomorrow?

In other words, it is no accident that in all the speeches the recurring refrain was the call to protect the peasant from the vicissitudes of an unmanaged market economy. This economy is now painfully striking at his interests. And if things are bad for the peasant, things are bad for the state, this is natural. There are many confirmations of that.

At the meeting, the recent attempt to curtail the livestock herd was called a national tragedy. The problem here is not feed—supplies have been much worse than today, yet such a decrease in the size of the herd was not tolerated. And the reason is also not that "everyone has stood before microphones, forgetting about farms." Things are much more prosaic than this. Livestock is being slaughtered in order to pay workers wages because the bank, which is unsure about the client's ability to pay, does not issue credit. Technical and material resources must be acquired by means of barter because

today it is impossible to buy or obtain anything in any other way. This kind of freedom is worse than a lack thereof!

The meeting participants passed a resolution calling all peasants and Russian workers to their conscience and duty. The same should be asked of the powers that be. After all, look at what has happened, for example, with plowland after the government actually moved away from concerns to increase its fertility and reduced reclamation resources to a minimum—soil degradation has become so widespread that it seriously threatens the future well-being of the country.

And what about the artificially-incurred, and in some places forced, destruction of leadership ties? Isn't it here that we should look for the main reason for the current catastrophic decrease in potatoes?

Agricultural workers have never shirked the responsibility for the situation in their branches. They are very upset about the current fall in milk and meat production, and are concerned about the coming spring and how to manage the enormous amount of work that is coming. They are worried about the new objects and about those that have been in the process of being built for a long time, as well as about feeding the city. But in my opinion the correct concept was heard at the meeting—the city itself must be seriously concerned with this problem for a long time to come, understanding finally that a weakened Non-Chernozem village will not be able to bear its burden alone.

**From the Appeal of the Kirov Conference of RSFSR  
Non-Chernozem Zone Agroindustrial Complex Workers  
to Peasants and All Workers of Russia**

Together with all of the people we are very worried about the food crisis and call upon all workers of the Russian agroindustrial complex, as well as upon farmers, peasants and the entire population to take the measures to improve the situation in the food market this year and to increase the production of food products.

We meeting participants are worried about the very complicated situation in kolkhozes and sovkhozes. On large areas of land winter crops have not been sown and late fall plowing has not been performed. Many regions of the Non-Chernozem Zone have procured less coarse and succulent feed and there are great difficulties in supplying enterprises with seed, and first and foremost with potatoes.

We are turning to labor collectives of industry, other branches of the national economy, students, and young people in the interest of solving our most important problem—the food problem. They should consider assisting the village to carry out agricultural operations their civic duty.

The non-chernozem is a zone with enormous lands where there will be a place for all forms of management—state, kolkhoz-cooperative, farm. We support all



those who wish to work the land side by side, but we are opposed to having the land, our breadbasket, transformed into an object of buying and selling and land speculation. The creation of farmer enterprises, which requires a long period of time, must follow its natural course without pressure. Artificial hindrances must be removed from its path of development in terms of the allocation of land and material-technical resources, but people must be fed today. In connection with this we appeal to all labor collectives within the agroindustrial complex to prohibit the curtailment of production volume in the public sector and to already today create the essential conditions for the sharp increase in food products in the private gardens of citizens.

We also support the efforts of public-political organizations and associations that are working for the good of the people within the framework of the USSR Constitution and which are oriented toward the ideals of socialism, the consolidation of Soviet society, the elimination of crisis phenomena and the preservation of the USSR.

#### RSFSR "Vozrozhdeniye" Chairman Interviewed

914B0099A Moscow SELSKAYA ZHIZN in Russian  
23 Feb 91 p 2

[Interview with N.I. Svistunov, chairman of the board of the "Vozrozhdeniye" association, by A. Sergeyev: "Not to Let the Countryside Die"]

[Text] Figures are more elegant than words. In the years 1981-1989, for example, more than 4.5 million people abandoned the Russian countryside. It is obvious that it was by no means the elderly and children who dared to change places.

The Russian countryside is collapsing because of poverty and manpower shortages and its fate is taking a turn for the worse. And it seems that no one is really concerned about this.... Suddenly an organization comes out and declares: let us set about to restore the Russian countryside!

Such a task was set by the interbranch association "Vozrozhdeniye" [Restoration] founded by: the Council of the Federation of Independent Trade Unions of the RSFSR, the "Vodstroy" state concern for hydroeconomic construction, the RSFSR Ministry for Agriculture and Food, Soyuzprombank, RSFSR Gosnab, the Main Scientific Planning Directorate for Construction under the State Commission for Food and Purchases of the USSR Council of Ministers, the charitable association of the order of charity and social protection imeni A.D. Sakharov, the "Mosoblinzhstroy" production specialized leasing and cooperative association for engineering construction, and the "Profstroy" concern.

Our correspondent interviewed N.I. Svistunov, chairman of the board of the "Vozrozhdeniye" association.

[SELSKAYA ZHIZHN] Nikolay Ivanovich, please begin with a few words about the goals and tasks of the association and, the main thing, about its opportunities.

[Svistunov] The goals are incorporated in the very name of the association: the restoration of the Russian countryside. It is on the verge of dying out. So we set the goal of breathing a fresh and restorative current into the countryside and of establishing an attractive environment for living in it so that those who left for the cities will return to rural fields. But first of all we have to stop the flow of peasants out of the rural areas.

[SELSKAYA ZHIZN] Is the proposed work purely propagandistic or do you have someone who can roll up his sleeves and work?

[Svistunov] The association will participate in a real way in the implementation of programs to restore the Russian countryside. Through local soviet and economic bodies, we are now studying the needs of the oblasts, krays, and autonomous republics in the construction of production and social welfare facilities, housing, engineering communications, roads, and facilities for the conservation of nature and water. The association will carry out orders of territories for the construction of such facilities and provide assistance in the extension of credit for plans and the construction itself. There are possibilities for this. As early as 1991-1992, we could on a contractual basis perform work for the improvement of thousands of farms in 10 oblasts of Russia. In Ramenskiy Rayon of Moscow Oblast, for example, the farm of Viktor Valentinovich Bobylev will be improved with the help of the association. This farm will provide the workers of the Gzhel Production Association with its output. This year work will begin on facilities of Tverskaya, Ryazan, Yaroslavl, Kaluga, and other oblasts.

[SELSKAYA ZHIZN] Are you aiming only at new owners, so that it would be best for kolkhozes and sovkhoses not to turn to you?

[Svistunov] No, not at all! It is precisely for them that we intend the large-scale production of dwellings, for more than half a million peasant families are in line for housing. The association will help to solve this problem for farms as well as individual builders. In accordance with orders from territories, we are proposing the restoration of specific villages and settlements with a complete infrastructure and with all kinds of communications: roads, power supply network, and gas and water lines while thereby preserving the specificity and healthy basis for country living. We think that the construction of communications must lead to an activation of individual building in rural areas.

[SELSKAYA ZHIZN] Nikolay Ivanovich, all of this sounds very much like a fairy tale. Where will it all come from?

[Svistunov] Yes, I understand that under the conditions of total shortages our intentions may seem too presumptuous. But the fact is that the association will set up its



own small enterprises. In particular, we will have our own brick, reinforced concrete structures, and finishing materials, which will reduce our dependence upon intermediate suppliers of materials. We intend to establish a base for the construction industry in one of the rayons of Moscow Oblast. In the Gzhel Production Association already mentioned, they are beginning construction of a brick factory and a plant for the production of facing tiles.

We will establish small enterprises for the production, storage, and processing of farm produce. We are not excluding the establishment of small enterprises in trade as well. It appears that together with consumer cooperatives they will be able to bring about noticeable improvements in the provision of the rural population with food products.

[SELSKAYA ZHIZN] But where will you get the money for all of this?

[Svistunov] As for the finances, they come from the investments of those participating in our enterprise.

[SELSKAYA ZHIZN] Nikolay Ivanovich, the protection of the countryside is above all the protection of the people living there....

[Svistunov] Yes, I agree. And the association sees one of its most important tasks to be that of the social protection of rural workers, in particular in connection with the transition of the economy to market relations.

Today, when in the rural areas we are seeing the processes of the establishment of individual farms and the turning over of the land to the peasant for lifetime use, many conflicts are arising. And where there is conflict, there is frequently a need for legal consultation and the legal defense of people. The association is undertaking the organization of such a defense of individual citizens, farmers, and lessees as well as enterprises, farms, and cooperatives. For this purpose, a juridical center is being set up for the protection of the rights of the peasantry, in which qualified jurists will work who have a good knowledge of legislation and arbitration.

[SELSKAYA ZHIZN] Tell us, who can become a member of your association? May they be individual citizens and foreign firms?

[Svistunov] Members of the "Vozrozhdeniye" association may be state, public, cooperative, and other organizations, enterprises, associations, and firms, including foreign firms, and also individual persons who recognize its statute and who have paid their entrance fee. A recent new member of the association, for example, is the West German firm ABM Computer Systems. The last meeting of the board met the request for acceptance of the lessee V. Kovalevskiy from the Chekhovskiy Rayon Consumer's Cooperative Society in Moscow Oblast.

Whether one joins or leaves the association, it is a voluntary matter. The entrance fee is from 10,000 to 40,000 rubles for collective members and 50 to 100 rubles for citizens.

[SELSKAYA ZHIZN] When will the rural workers of Russia be able to perceive the first results of the work of the new association? Is its formation not just another bureaucratic undertaking, as so frequently happens?

[Svistunov] The establishment of the association for the restoration of the Russian countryside was dictated by the requirements of the time. The decision found support in oblasts, krays, and autonomous republics. This is a necessary thing and is not doubted by anyone. As for the first results of its work, we expect that they will appear as soon as the spring of this year, when the walls of new dwellings, production buildings, stores, and schools begin to go up in the villages and settlements.

[SELSKAYA ZHIZN] Well, bon voyage, as they say. We wish the association success.

## Peasant Farm Issues Aired in Belorussia

### Will Peasant Party Help Peasants?

914B0113A Minsk BELORUSSKAYA NIVA in Russian  
13 Feb 91 p 1

[Article by N. Shcherbacheny, BELORUSSKAYA NIVA observer: "Will the Muzhik Get Better Under the Peasant Party?"]

[Text] Now I know: the impatience with which one of the cochairs of the organizing committee for the creation of a Peasant Party, Ye. Lugin, so strained toward the speaker's platform of the second congress of the Belorussian Peasant Union has turned out to be nothing other than the first skirmishes of the imminent (see NARODNAYA GAZETA for 7 February: "And Don't Try to Persuade—We Will Give Birth") delivery of the pregnancy of the thought of the village sons "who get on in the world in the cities." The skirmishes, as one can surmise, were so intense that Yevgeniy Mikhaylovich even suggested transferring the births to earlier dates. Speaking in ordinary language, to hear the report of the above-mentioned organizing committee not at the end of the work of the congress but right away after the report of the chairman of the Union, K. Yermolenko.

Alas, all the requests of the cochairman to be put in the position of a martyr did not gain any especial sympathy among the delegates. "Wait. First about business, about policy—then," the hall answered adamantly.

The callousness, one must admit, was staggering. However nothing else was left to the organizing committee but to clench its teeth and to bide its time. True, I would act against my conscience if I said that they had completely forgotten about the woman in childbirth. Those who spoke, and these were mainly representatives of the not numerous contingent in the Belorussian village of

individual farmers, tenants, and members of agricultural cooperatives, every now and then remembered her. But, as it appeared to me, only for the sake of propriety, so as not to altogether pass for ignoramuses in great policy.

As to the organizing committee, this only hastened the coming of the second assault which proved to be far stronger than the first. It was accompanied no longer by groanings but by choice swear-words and insults (they say that in such circumstances even the physicians recommend using this method—it gets easier). Naturally, the communists caught it the most. They, it was said, have ruined the mother-village, fleeced it, and now they are putting a spoke in the wheels and are preventing the peasant from developing. And they have turned the rural person into a day-laborer who knows no rest, up to his neck in sowing. And it is also not worth hoping for a better life “under them.” In short, sic ‘em, the communists. Only for some reason no one has remembered that when one party was in power there were clothing, shoes and foodstuffs in the village but when a multiparty system appeared it all disappeared.

And especially as the protectors of the Belorussian peasantry pass over in silence the fact that in the current year alone the increase in capital investments in the republic’s agro-industrial sector amounted to 38 percent and for construction and installation operations even more than that—66 percent. Strictly speaking, it did not enter into their plans since it would have permitted every one to expand in their own areas and to find out that the “defenders of the village” have absolutely nothing to do with these changes. And the possibility of more fully meeting the needs of their breadwinners appeared in the republic, let’s say straight out, thanks to the efforts of those whom they charge most with the grievous situation of the village—the communists. It was precisely they who at the 31st congress held two months ago adopted a resolution concerning the priority development of the agro-industrial complex. And not only adopted it but through their representatives in the state organs of power endeavored to have the basic provisions of this document put into this year’s plans.

And where today, when getting into trouble, does the villager turn the quickest and where most often does he receive protection? Again—in the selfsame raykom.

However, as became clear a little later, all the oratory of the “village sons” was needed not so much for physical relief as for moral justification before those who joined in their transgression. Listen (the style has been retained in full): “There are no prospects for improving the state of affairs in the village while the present system is retained. What’s the solution? Only one—a thorough economic reform of agriculture. Its implementation requires a reliable political support but there is none today. Neither the CPSU nor the union of agrarian specialists can do this because the former has led the village to such a state and the latter is the result of the present system. A new political force is needed. It can only be the Peasant Party.” Do you catch what they’re

driving at? Here’s what. “Having seriously recognized the need for the party, we have developed and submit for nationwide discussion its Program and Charter. We call upon you to show courage, to make your choice, and to support this cause which is necessary for all of us.” In short, be glad, villager, for the forthcoming addition, accept with love and gratitude your future defender.

Let’s say straight out, it’s not very original. There already was something similar. True, then they tried to divide the rural and urban communists. Everyone knows what came of it. However, it’s obvious that for some people this lesson did them no good. They will not sit still for anything, they cannot resign themselves to the fact that the village lives a quiet life, so they aim at having the villagers knock heads together.

But even the peasant, you see, was not born yesterday. You can’t fool him, he is able to distinguish the grain from the weeds. There, in the hall, he saw perfectly well who defends him in fact and who is blowing bubbles. He saw also another thing: representatives of the Belorussian Supreme Soviet, the Central Committee of the republic’s Communist Party, the Belorussian SSR Goskomselkhozprod [State Committee for Food and Agriculture], economic organs and even the Union of Cooperative Workers had come to the congress. They offered suggestions, they consulted, they debated, and they found points of cooperation. There was not heard in this dialogue just the voices of the latter-day defenders of the village whom, it seemed, God Himself had ordered to be first. There’s such defenders for you!

However, let’s leave the parents of the future “peasant’s hope.” They are respectable people to all appearances and too busy to be diverted to so insignificant events. But here’s what is interesting: even the little child which they so stubbornly want to bestow on the village does not cause any especial joy among the villages.

And the reason for this, it seems to me, is not the fear of the forthcoming machinations promised by the Bureau of the republic’s Communist Party Central Committee, as the selfsame NARODNAYA GAZETA hastened to inform its readers. (Incidentally, and this was emphasized once more at the congress of the Peasant Union, the Central Committee Bureau is not at all against the creation of a Peasant Party, it is only against the participation of communists in the preparation for and conducting of a founding congress of a new political structure, which is contrary to the Rules of the CPSU.) The very future of the little child scares the village. Possibly, until it cuts its teeth, it will be “a parliamentarian-centrist working within the framework of existing legislation and rejecting violence in the struggle for power.” But it is no wonder that in the future this fine fellow could turn into the proverbial Russian robber strutting about our villages near and far. At least, under such fathers and tutors one won’t have to wait long for this transformation. Even now they don’t hide what road they have prepared for their pupil. In the words of the

selfsame Ye. Lugin, the future "defender of the peasantry" is destined to become the chief fighter against the "rayon-kolkhoz administrative-bureaucratic system" which "like road mud after the rain hinders the normal adhesion of the wheels of the machine of perestroika with the solid ground." It is understood that the "mud" in this case will be any person who has not wished to part with the collective farm and does not share the views of the latter-day hope of the peasantry.

What then? And then they will forget in the village not only about private farming, not only about the land, but also about their own home. The majority of the delegates of the congress of the Peasant Union think this way. They are certain: the creation of a Peasant Party will divide the village into two irreconcilable camps.

And therefore even the superemotional address of the cochairman of the organizing committee did not make any especial impression on the farmers and tenants and did not cause great joy in the hall. When the matter came down to the blessing of the not yet hatched nestling, the delegates spoke out quite categorically:

"You want to give birth, you want not to, it's your affair," they answered the organizing committee, "but we won't take your little rascal into our family."

And, I think, they're right. To all appearances the peasant will not get better from such a helper.

#### Law on Farming Adopted

914B0113B Moscow SELSKAYA ZHIZN in Russian  
21 Feb 91 p 2

[unsigned article: "Law on Farming Adopted"]

[Text] Minsk, 20 [Feb], (BelTA-TASS)—Any citizen of Belorussia who has special knowledge, skill or work experience in agriculture can become an individual farmer as of 1 March. A foreign citizen can also obtain land on lease on equal terms. These rights have been secured for them in the law: "On the Peasant (Individual Farmer) Economy" which has been adopted by the republic's parliament.

The law provides for privileges for the future individual farmers. A tax will be collected from them only in the form of a payment for the land. Any peasant farm is freed from paying it for three years from the date of registration, acquires the status of a legal entity, and opens current and other accounts in bank institutions. The national bank is instructed to create a special loan fund of not less than 200 million rubles for the preferential servicing of peasant farms.

A decree: "On the conducting of land reform in the republic" was adopted following the Law. An inventorying of the lands of kolkhozes, sovkhoses, enterprises and institutions will be held in Belorussia in 1991.

#### Peasant Movement, Union Emerge in Latvia

##### Agricultural Union Congress Notes Problems

914B0105A Moscow SELSKAYA ZHIZN in Russian  
16 Dec 90 First Edition p 3

[Article by TASS correspondent V. Zaytsev: "What's Bothering the Latvian Peasant?"]

[Text] Riga—A few days ago in Riga, the Latvian Agricultural Union (SSL), as its charter says, a "public-economic organization," held its second congress. Among the documents passed by congress delegates was a resolution "On the Political and Economic Situation."

On the whole the peasants support the activities of the republic's leadership directed at creating an independent Latvia, although they feel that "the attempts of the republic's Supreme Soviet and government to stabilize the political and economic situation have yet to yield the desired results." The practical implementation of statehood and the creation of an economically strong and democratic Latvia are proceeding slowly, and "we are seeing new processes complicating the political situation in the republic and the USSR and deepening the economic crisis." Baltic proposals for economic independence and statehood are being ignored or given a hostile reception: "Government circles in Moscow remain in favor of a strong center and a unitary state."

The resolution emphasized in particular that the countryside is experiencing an acute lack of constructive, unified economic policy, and the passions of various political groupings around the problem of privatizing property and returning land to former owners do not always respect the interests of the land's current users.

The second congress of the Agricultural Union, basing itself on a declaration to restore Latvia's statehood, has come out "against attempts by the USSR to obtain ratification of the Union Treaty through the use of crude force, condemns attempts by the Latvian Communist Party and organizations kindred to it to institute presidential rule in Latvia through provocative methods, and repudiates the demagogic appeals of the so-called All-Latvian Committee for Public Salvation directed against the Supreme Soviet and government of the Latvian Republic."

While recognizing the bitter legacy of Latvia's history and condemning misanthropic ideas—fascism and Stalinism, the prewar and postwar repressions, and forced collectivization—the delegates to the second congress called on people to remember the most important point, that "the absence of unity, the disagreement and discord between Latvians, has always made life easier for aggressors of all stripes and hastened the ruin of our people."

As for agriculture, the congress demanded that the implementation of agrarian reform not entail the destruction of agricultural potential or resistance by the

land's former owners to its current users and that it guarantee the latter equal social rights. Changes in Latvia's agriculture must be linked to observance of social guarantees for rural dwellers.

The congress delegates feel that state allocations for the development of the agro-industrial complex must be proportional to the share of the gross product it puts out and that processing and farm service enterprises must be transferred free of charge to the basic producers.

The SSL's path to a new Latvia, as follows from their resolutions, is that of independence based on economic changes. The Agricultural Union "will strive to unite all rural inhabitants regardless of their social or national identity," as well as to take on obligations, which "are beyond the power of a single party, to revive the work ethic and traditions."

The resolution's conclusion talks about how the union will be fulfilling the role of a politically stabilizing force in Latvia. The future will show just how realistic these promises are.

#### Deputy Chairman Discusses Union's Tasks

914B0105B Moscow SELSKAYA ZHIZN in Russian  
28 Feb 91 p 2

[Interview with A. Zh. Bertulis, deputy chairman of the Latvian Agricultural Union, by A. Timkov, under the rubric "Let Us Defend the Village": "Relying on the Peasants' Will"]

[Text] Latvian Republic—The Latvian Agricultural Union is a public organization created to defend peasant interests. The union's deputy chairman, A. Zh. Bertulis, talks here to our correspondent about how it is managing with its tasks.

[SELSKAYA ZHIZN] Ayvar Zhanovich, the peasants' association was preceded by long debates as to whether this union should be a party or a public organization. They have not abated even now. What harbor is your union actually headed toward?

[Bertulis] The position of the organization's leadership and the majority of its members, whose numbers exceed 150,000, remains unchanged. There is no need to get caught up in politics, declarations, and slogans. Our union has been called upon to obtain the perestroika of productive relations in the countryside and economic prosperity for the peasantry. Without this, any aspiration to independence and sovereignty for the republic will remain nothing but a good intention.

[SELSKAYA ZHIZN] But other public-political organizations and parties also swear their love for rural dwellers. Excuse me, but these fervent confessions have not seemed to have had much effect on the countryside.

[Bertulis] The impatience of the republic's inhabitants is understandable. But faster is not necessarily better. Especially since the last year and more since the last

constituent assembly have not been easy for us. We have had to spend our time and strength on creating divisions in the rayons, choosing people, working out programs, and submitting proposals to the government. The union's structure has already coalesced, and we have our own newspaper in Latvian and Russian, which helps us to study public opinion. Gradually we are realizing the goals for the sake of which our organization appeared. We have been able to establish contacts with analogous organizations in several foreign countries. We have particularly tight links with the landowners of Sweden, who have not only helped us farmers obtain the necessary equipment but have undertaken to teach the peasants modern production technologies. Several groups have already trained in Sweden.

With our participation, a system of preparation for future farmers has been organized. In several academic institutions special departments have opened to train farmers. We are beginning to select future candidates for this education at an early age.

A program is being implemented to allot the producer of agricultural output the rights of property owner. According to our calculations, rural workers produce sufficient milk and meat to feed the republic's entire population. But the store shelves are empty: much output is lost on the way to the consumer. We are in favor of the producers disposing of those products themselves. In several rayons the kolkhozes, sovkhoses, and farmers have already become owners of dairy combines. In the near future we are contemplating transforming the meat combines into joint-stock companies as well. In time, rayon branch societies of producers will begin to compete on seller's markets. This will only serve the buyer's purpose.

I will talk about private farmers separately. The union is in favor of them working on a par with kolkhoz and sovkhos farmers, so that each person is free to choose where to apply his forces—in the collective or on his own plot.

[SELSKAYA ZHIZN] Nevertheless, the union is accused of grasping at the seemingly outdated, incompetent kolkhozes and sovkhoses. What is the source of this criticism?

[Bertulis] The source is an attempt to discredit our union in the eyes of the public and denigrate the very idea of its appearance. Despite the fact that we are following exclusively economic paths, in our unstable times, they are inevitably going to cross political ones.

It is hard to overcome our conflicts with the People's Front, which unites primarily city dwellers. Relations cannot be otherwise when, as has happened many times already, they are trying to block the path of the peasantry's peaceful advance. According to the conception of land reform put forward by the People's front, wide-scale privatization must be carried out in the countryside, the land returned to former owners, and the kolkhozes disbanded. If these ideas are implemented, the people



will "be sitting down" to an even scantier food ration, and Latvia, broken up into peasant farms, will turn into a half-century-old museum. We understand privatization much more broadly, as meaning not only the restoration of peasant farms but also the transformation of today's kolkhoz and sovkhoz workers into owners of the means of production.

Our opponents in the fight to support the rural population, primarily Latvian by nationality, do not want to hear any arguments. Moreover, they are manifesting basic disrespect for the peasants and imbuing them with uncertainty in the coming day. It is this uncertainty in some instances that has provoked kolkhoz and sovkhoz workers to seize farms in the hope of at least feeding their families during these hard times.

Reality is such that about one third of public farms supply about 70 percent of our food. Over many years, a high culture of production and work discipline has taken shape; beautiful schools, cafeterias, kindergartens, clubs and libraries, and housing have been built. Moreover, out of their own funds, not the state budget. Finally, pensioners are receiving substantial bonuses to their pensions. What would become of all this after a division and return to individual farms?

[SELSKAYA ZHIZN] It is true, however, that two thirds of kolkhozes and sovkhozes are doing only middling. What's to be done with them?

[Bertulis] The union does not plan to support collectives that are weak on their feet. The market will give the answer to what is going to happen to them. But before entering it we should carry out land reform and pass laws on bankruptcy, unemployment, and pensions. Under market conditions no one is going to cover anyone else's losses. But society must be concerned about those who cannot withstand the competition and are left without means for existence. We are in favor of eliminating not only ailing but also strong farms where the kolkhoz members themselves express their support for transforming them into shareholding, joint-stock companies and cooperatives. The union proposes actively developing all forms of interaction where large farms are linked on mutually beneficial terms with farmers and owners of private plots. Say, the kolkhoz would logically sow grain and the peasant farm vegetables, fruits, and berries.

We have proposals on this score. Their essence lies in the fact that there is no need to forceably implant any forms of management. What is needed in the first place is not a redivision of lands but an inventory of them. The impoverished status of many public farms can be explained by the fact that they possess many more resources than people capable of working them properly. Therefore these lands should be transferred to local organs of self-government, which can determine how to bring them into circulation and obtain substantial yield. Whether they are transferred to farmers, cooperative members, or adjacent public farms will be clarified

simply, if the well-being of the Soviets is going to depend on taxes on the profit of those managing the land.

[SELSKAYA ZHIZN] What is attractive about the agricultural program put forward by the union, in my opinion, is the fact that it is oriented toward not destroying completely what there is but gradually, and at the same time cardinally, transforming the countryside. But your firm conviction that this program is the very best puts me on my guard.

[Bertulis] In working out this program, scholars, specialists, and farm directors worked from the principle of not inventing the bicycle but making use of everything progressive from foreign and native experience. Naturally, we have tried to avoid attempts at borrowing one way or another on our land. But world tendencies are such that with the preservation of small farms there is a concentration, the appearance of large, highly mechanized and automated systems. As for it being "the very best," I would refrain from any judgments. We rely solely on the opinion of the peasants. And they are supporting our program.

#### **Armenian Law on Peasants, Collective Farms**

914A0500A Yerevan GOLOS ARMENII in Russian  
31 Jan 91 p 2

[Law of the Armenian Republic signed by Chairman of the Supreme Soviet of the Republic of Armenia L. Ter-Petrosyan and Secretary of the Supreme Soviet of the Republic of Armenia A. Saakyan, Yerevan, dated 22 Jan 91: "Law of the Republic of Armenia—Peasant and Collective Peasant Farms"]

[Text] This law defines the economic, organizational and social terms and legal foundation for the activity of peasant and collective peasant farms.

Individual relations associated with the creation and activity of peasant and collective peasant farms are regulated by other legislation of the Republic of Armenia.

#### **Section I. General Provisions**

##### **Article 1. Organizational Forms of Agricultural Activity.**

Agricultural activity is a form of economic activity providing for the commodity production of agricultural output.

The organizational forms of agricultural activity in the Republic of Armenia are founded on the ownership of citizens and on collective and state ownership, and take the form of peasant farms, collective peasant farms and state agricultural enterprises and kolkhozes.

Existing sovkhozes are being dissolved, and can acquire the status of state agricultural enterprises if the workers of those sovkhozes or a portion of them, by written consent of the majority of the members of their families of legal age, express the desire to continue the activity of



the farm on the basis of state ownership of the plots of land and other means of production due to them and waive the realization of the right of ownership of the land. Other agricultural enterprises acquire the status of state agricultural enterprises by resolution of the Council of Ministers of the Republic of Armenia.

State agricultural enterprises operate on land under state ownership. The legislation in effect in the Republic of Armenia on the procedure for the creation and activity of state enterprises extends to these enterprises.

The existing kolkhozes may be entirely or partially preserved in the event that the members of these farms, by decision of a two-thirds majority vote or a portion of them by written consent of a majority of the members of the households of legal age, declare the desire to continue the activity of the kolkhozes and waive the realization of the right of ownership of the land. Land use on those farms is implemented on a leased basis within the limits of the plots of land due to the households united in them.

#### **Article 2. The Peasant Farm.**

The peasant farm is an independent organizational entity founded on the ownership of citizens, providing for the commodity production of agricultural output.

The peasant farm is created on a voluntary basis.

Each family (household) has the right to obtain the ownership of a plot of land under the procedure stipulated by this law.

The peasant farm is formed in the name of the head of the family. The rights of the peasant farm are recognized on the basis of a state document formulated in the name of the head of the family and issued by the collective committee of the corresponding local (town, settlement, city, city rayon) soviet of people's deputies.

The peasant farm acquires the corresponding rights and obligations stipulated by law for legal entities, and simultaneously bears full material responsibility for its own obligations, from the moment of receipt of the state document.

Family members that are considered members of the collective farm are spouses, parents (adoptive parents), children (adopted), other relatives and other individuals voluntarily united in a single farm and residing in the given populated area and pursuing joint farming. The peasant farm can also consist of a single individual. Individuals working on the same farm under a work contract, including relatives, are not considered members of the peasant farm.

The head of the family is an individual who has reached working age and is authorized, in the name of all of the members of the farm of legal age, to represent the interests of the farm, organize the activity of the farm, conclude contracts in the name of the farm, issue powers of attorney, enjoy the right, with the consent of the

members of the farm, to dispose of property and other assets and exercise other legal actions connected with the activity of the farm.

The property relations of the members of the peasant farm are regulated by the Civil Code, the Code of Marriage and the Family of the Republic of Armenia, the Law of Ownership of the Republic of Armenia and other legislation of the Republic of Armenia.

#### **Article 3. The Collective Peasant Farm.**

The collective peasant farm is an independent organizational entity founded on collective ownership and providing for the commodity production of agricultural output.

The collective peasant farm is created both via the voluntary association of peasant farms in any organizational form, and on the basis of existing kolkhozes and sovkhozes, if the members and workers on those farms or the residents of the corresponding populated area, or a portion of them with the written consent of a majority of the members of their families (households) of legal age, declare their desire to become the subjects of the right of collective ownership.

Citizens and other subjects of the right of ownership can also enter into a collective peasant farm under the procedure stipulated by the charter of the collective peasant farm.

The charter of the collective peasant farm provides the name of the farm, its location, the procedure for joining the farm or leaving it, the objects of the right of joint common ownership of the farm, the rights and obligations of the members of the farm, the procedure for elections, the authority of the supervisory bodies of the farm and the procedure for making changes in the charter and curtailing the activity of the farm.

The plot of land, other means of production and investments due to a peasant farm or other member (its successor) leaving a collective peasant farm are offered to him under the procedure defined in the farm charter.

The charter of the collective peasant farm is accepted by a general meeting of the members of the farm, and is submitted for recording to the executive committee of the corresponding soviet of people's deputies.

The collective peasant farm gains the status of a legal entity from the moment of recording of the charter.

### **Section II. Granting of Land for Ownership for the Pursuit of Peasant Farming**

#### **Article 4. Granting of Land for Ownership.**

Agricultural lands are granted to citizens for ownership with partial reimbursement, the amount of which can also be paid in a lump sum. The amount of this partial reimbursement is determined on the basis of the results of the tax-register valuations of the land in 1986-90 that were approved by the Council of Ministers of the

Republic of Armenia. The size of the partial reimbursement for lands granted in the future is specified with a regard for the index of price changes for agricultural output.

Personal (subsidiary) plots of land are granted for ownership without reimbursement, with the exception of citizens who have already once realized their right of land ownership. Personal (subsidiary) plots of land can be taken provided there is full reimbursement for the tax-register valuation computed as of its state at the moment of granting.

The Supreme Soviet of the Republic of Armenia establishes concessions in the granting of ownership of plots of land in mountainous, remote or abandoned populated rural areas after having envisaged the procedure for their taking. The list of these populated areas is approved by decree of the Council of Ministers of the Republic of Armenia. Concessions are also established in the granting of non-agricultural lands for ownership for cultivation purposes.

A central commission and sector, rayon and local commissions for land reform and privatization are formed to resolve issues associated with the granting of plots of land. The central commission for land reform and privatization is formed by the Council of Ministers of the Republic of Armenia. The other commissions are formed under the procedure stipulated by the Council of Ministers of the Republic of Armenia. The decisions of the central commission on land reform and privatization are final, and may be changed only through the courts.

The granting of plots of land to those with the right of ownership of the land is performed by the drawing of lots or by some other form, and is approved by the corresponding local soviet of people's deputies. The choice of the form of granting land is made and the granting of the land is performed by the local commission on land reform and privatization, which is formed from among the representatives of the corresponding local soviet of people's deputies and the local population, as well as the appropriate specialists if the Council of Ministers of the Republic of Armenia has not envisaged otherwise. The choice of the form of land granting is made by a two-thirds majority of the votes of the commission, and is subject to approval at a session of the corresponding local soviet of people's deputies.

#### **Article 5. Determination of the Size of Partial Reimbursement for the Land.**

Partial reimbursement is exacted for the granting of plots of land to peasant and collective peasant farms over the course of the first two years. The size of the partial reimbursement over a year is computed:

a) in the event of the drawing of lots—according to the difference between the net income as determined by the tax-register valuation of the land and the income tax computed on the basis of the size of it;

b) in other cases—according to the difference between the net income as determined proceeding from the given form of granting land and the size of the income tax computed on the basis of it.

The funds collected from the partial reimbursements for the plots of land granted are transferred to a special bank account and used for purposes defined by the Supreme Soviet of the Republic of Armenia.

#### **Article 6. Procedure for the Granting of Plots of Land.**

Plots of land for the pursuit of peasant farming are granted for ownership first of all to citizens who reside permanently in rural populated areas as of 20 Dec 90 on the scale stipulated by Article 7 of this law. If undistributed land remains after the granting of plots of land on the aforementioned basis, they are granted:

—to former residents of the given populated area residing in the Republic of Armenia, who take up permanent residence, register there and declare their desire to pursue peasant farming; and

—to citizens of the Republic of Armenia living in the republic who have declared their desire to take up permanent residence in the towns and pursue peasant farming.

The plots of land of agricultural enterprises located in rayon centers and cities are granted for ownership first and foremost to the members and workers of those enterprises who are residing in the given populated area, and then to permanent residents of former towns included in the administrative and territorial composition of the rayon center or city, in the computed size of a plot of land. In the event undistributed land remains, it is offered to other citizens residing in the given locale and wishing to pursue peasant farming, and then to the individuals mentioned in the second and third paragraphs of the first part of this law.

Analogous lands of the state reserve that are not utilized or assimilated, or remain outside of agricultural circulation, are offered on preferential terms for the ownership of citizens of the Republic of Armenia who have expressed a desire to pursue peasant farming on those lands. The former agricultural lands of abandoned towns are granted first and foremost to former residents of those towns residing in the Republic of Armenia, refugees and the inhabitants of disaster areas, and then to citizens of the Republic of Armenia who have expressed a desire to move and take up permanent residence on them. The question of granting these lands is regulated in special cases by the central commission for land reform and privatization.

The lessees of lands granted for ownership that are utilized on a leased basis can obtain the preferential right, by resolution of the local commission on land reform and privatization, to acquire them on the scale computed for the given populated area if they are permanent residents of the given populated area, have

made dedicated agricultural capital investments and have not violated the terms of the leasing agreement. Spending done by lessees is reimbursed in accordance with the procedure stipulated by the legislation of the Republic of Armenia.

The pasture lands of peasant and collective peasant farms are offered on a leased basis, with release from lease payments for two years if the lease agreement is signed for a term of ten or more years.

The procedure for the instigation and consideration of petitions for the pursuit of peasant farming is defined by the Council of Ministers of the Republic of Armenia.

**Article 7. The Size of the Plots of Land for Peasant and Collective Peasant Farms.**

The Council of Ministers of the Republic of Armenia, for the purpose of implementing land reform, is allocating agricultural lands for all populated areas (including abandoned rural populated areas) proceeding from the principle that the plots of land allocated for the populated areas include, as much as possible, those that traditionally belonged to those populated areas, and lands have been allocated within the limits of possibility to the rural populated areas that are artificially affiliated with cities or have been transformed into towns.

An average of twenty percent of the arable lands and other plots reserved for the populated areas remain as a state reserve allocation and are not subject to privatization in the initial period of land reform by resolution of the rayon (city) commission for land reform and privatization.

The size of the plot of land offered for ownership for the pursuit of peasant farming is determined according to the family (household)—member (person) correlation using the following procedure:

- one share of land to families (households) of up to three members (people);
- two shares of land to families (households) of four to six members (people); and
- three shares of land to families (households) with seven or more members (people).

The Council of Ministers of the Republic of Armenia can establish concessions for determining the size of the plots of land offered for ownership.

Young families (households) consisting of three members (people), by decision of the local commission for land reform and privatization, may be granted two shares of land in the size computed for a given populated areas.

The stipulated procedure for the distribution of plots of land is also in effect in the creation of collective peasant farms based on existing kolkhozes and sovkhoses.

The size of the personal (subsidiary) plots of land are counted as part of the land granted.

Individuals who have not reached 21 years of age who have formed a separate family (household) without entry into marriage within less than a year prior to the date of adoption of this law are counted as members (persons) of the families (households) from which they have separated. The members of a family (household) who have entered into marriage and have not yet left their paternal families (households) have the right to obtain a separate share of land in accordance with the number of members (persons) in their own family (household).

The final compilation and specification of the list of families (households) is accomplished by the local commission for land reform and privatization.

The Council of Ministers of the Republic of Armenia may establish concessions in the procedure for computing the families (households) for mountainous and remote rural populated areas.

Hayfields are granted for the ownership of peasant farms under the procedure stipulated for pasture lands, if a two-thirds majority of a meeting of representatives of the families (households) feels it is feasible to distribute that type of land. The granting of hayfields is performed in that case by families (households) with the condition of payment of the full value of their tax-register valuation within five years.

The central commission for land reform and privatization can stipulate a different procedure for the disposal of hayfields for individual populated areas.

If a meeting of the representatives of families (households) makes the decision to dispose of hayfields on collective principles, then those lands are offered on preferential terms of partial reimbursement for the common ownership of the peasant farm being created by the collective under the procedure stipulated by the Council of Ministers of the Republic of Armenia.

The maximum dimensions of the plots of land that are the property of the peasant and peasant collective farms are established by the Supreme Soviet of the Republic of Armenia.

**Article 8. Sale of the Fixed Capital and Other Assets of Kolkhozes, Sovkhoses and Other Agricultural Enterprises Being Dissolved.**

The fixed capital of kolkhozes, sovkhoses and other agricultural enterprises being dissolved is sold primarily with the preservation of their integral technological nature.

The sale of the fixed capital (livestock, equipment and process systems, among others) of kolkhozes being dissolved is performed on the following basis:

- if a two-thirds majority of a general meeting of the members of the kolkhozes being dissolved consents in

writing to the decision not to distribute it, a collective peasant farm is created in any organizational form and which may be joined by both the households of the kolkhoz being dissolved, as well as other families of the given populated area. The size of the per-member entry charge for the latter should not be less than the monetary valuation of the share of a single member of the farm in the basic funds of the collective peasant farm. The charters of the collective peasant farms can also envisage other special terms for entry into the farm.

The corresponding fixed capital of the kolkhozes being dissolved is granted to the collective peasant farms being created.

Collective peasant farms are formed on the basis of existing sovkhoses under the same procedure. Payment is made on the scale of their residual value for the fixed capital being sold in that case, and loans and credits on preferential terms are also envisaged for those farms.

If the general assembly of the members of kolkhozes being dissolved decides to distribute the livestock, its distribution among the families (households) is accomplished at contract prices with the stipulation of a fixed in-kind tax corresponding to the livestock allocated for three years. The minimal size of the livestock granted to a family (household) is stipulated by the Council of Ministers of the Republic of Armenia. In the event of the distribution of livestock, the total annual amount of the in-kind tax cannot be less than the average annual amount of the output turned over by the farm to the state in the prior five years. The corresponding portion of the residual value of jointly used animal-husbandry structures and livestock is exacted from families (households) who have received a share of the livestock over two years, computed proceeding from the correlation of the values of the structures and livestock. The animal-husbandry structures, equipment, process systems and other property, if the decision is made to distribute it, is sold through an auction sale, first and foremost to residents of the given populated area or groups of them. In the event that this equipment and other property is not sold under this procedure in the course of three months after the announcement of the auction, it is sold under the same procedure to other citizens. If it is not sold six months after the announcement of the auction, it is offered without charge for the disposal of the corresponding local soviets of people's deputies.

The sale of the fixed capital and other property of kolkhozes and sovkhoses being dissolved is accomplished by the corresponding dissolution commissions.

The socio-cultural and municipal facilities for general use at the kolkhozes and sovkhoses being dissolved are transferred without charge, along with their other property, to the corresponding soviet of people's deputies.

The procedure for the distribution of the funds obtained from the sale of the fixed capital and other property of

kolkhozes and sovkhoses being dissolved is established by the Council of Ministers of the Republic of Armenia.

#### **Article 9. Legal Protections for Peasant and Collective Peasant Farms.**

The rights and legal interests of peasant and collective peasant farms are protected by law.

The possession, use and disposal of the property of the peasant farm is accomplished with the consent of its members under the procedure stipulated by the legislation of the Republic of Armenia.

The property of peasant and collective peasant farms that cannot be attached for the requirements of creditors is defined by the civil procedural legislation of the Republic of Armenia.

#### **Section III. Fundamentals of the Economic Operation of Peasant and Collective Peasant Farms**

##### **Article 10. Terms of the Business Operations of Peasant and Collective Peasant Farms.**

The intervention of state and other bodies, as well as officials, into the business operations of peasant and collective peasant farms is prohibited, with the exception of cases where this activity inflicts harm on the environment or, as a consequence of it, the rights and legal interests of other legal entities, business organizations or citizens are violated.

The activity of peasant and collective peasant farms can be restricted only on the grounds stipulated by Article 11 of this law.

##### **Article 11. Restrictions on the Right of Ownership and Activity of Peasant and Collective Peasant Farms.**

The taking of the plots of land of peasant or collective peasant farms is prohibited for the first three years after the acquisition of the right of ownership of the land.

The rebuilding of vineyards and fruit orchards, as well as perennial hayfields, for the organization of other agricultural production is prohibited for plots of land occupied with perennial plantings that are granted to the ownership of peasant and collective peasant farms, if it is not brought about by production necessity as affirmed by the rayon soviet of people's deputies by request of the corresponding local soviet.

The use of lands, granted for agricultural purposes for the pursuit of peasant and collective peasant farming, for non-agricultural purposes is prohibited.

The right to take plots of land that are owned by peasant and collective peasant farms arises after the payment in full for their partial reimbursement, but no sooner than the time periods stipulated in the first part of this article.

The taking of plots of land that are owned by peasant and collective peasant farms is prohibited if the size of the

plot of land being taken or remaining is less than a plot of land computed for the given populated area.

The construction of residential housing for the members of peasant and collective peasant farms is accomplished on the auxiliary plots of land within the framework of the town development plan and in accordance with the appropriate standards.

The auxiliary plots newly created for families are granted from the reserve lands that are directly adjoining the corresponding populated areas.

Service structures for agricultural purposes may be built on the peasant and collective peasant farms only with the permission of the corresponding rayon (city) soviet of people's deputies.

The list of populated areas where the construction of service structures for agricultural purposes is permitted only on the auxiliary plots of land is established by the Council of Ministers of the Republic of Armenia.

#### **Article 12. The Sale of Agricultural Output**

The peasant and collective peasant farms sell their output independently at markets, through state, cooperative, joint-stock and other intermediary trading organizations, and through commodity exchanges on a contract basis. The fulfillment of state orders is accomplished at prices stipulated in advance. The importing of agricultural output into the republic and its export outside the republic are accomplished under the procedure stipulated by the Council of Ministers of the Republic of Armenia.

#### **Article 13. Material and Technical Supply and the Rendering of Services.**

The rendering of services to peasant and collective peasant farms by non-state enterprises and organizations is accomplished at market (contract) prices.

Material and technical supply and the rendering of services to peasant and collective peasant farms through the system of state organizations is accomplished at fixed prices as stipulated by the Council of Ministers of the Republic of Armenia.

The Council of Ministers of the Republic of Armenia establishes concessions in material and technical supply for peasant and collective peasant farms fulfilling state orders.

#### **Article 14. The Income Tax on Peasant and Collective Peasant Farms.**

No income tax is assessed on peasant and collective peasant farms for the first two years.

The size of the income tax on peasant and collective peasant farms, starting in the third year, is determined

under standard procedure and applied to the actual net income of the farm, with the calculation that the latter not be less than the net income as determined by the tax-register valuation of the plot of land of the given farm.

The Council of Ministers of the Republic of Armenia establishes, and the Supreme Soviet of the Republic of Armenia approves, concessions in the assessment of income taxes for peasant and collective peasant farms in mountainous, remote or abandoned rural populated areas.

The peasant and collective peasant farms may pay a portion of the amount of their partial reimbursement or income taxes in kind at prices fixed in advance under the procedure stipulated by the Council of Ministers of the Republic of Armenia.

The size of the income tax exacted from citizens working under labor contracts on peasant and collective peasant farms is defined by the tax legislation of the Republic of Armenia.

#### **Article 15. Bank and Insurance Support for Peasant and Collective Peasant Farms.**

Credit for peasant and collective peasant farms is accomplished through the banking system of the Republic of Armenia.

The peasant and collective peasant farms are obligated to open an account at any bank for the execution of monetary, credit and trading operations and the holding and distribution of monetary funds.

The relations of peasant and collective peasant farms with all types of banks are regulated by the banking laws of the Republic of Armenia.

The peasant farms insure the property they have received and the expected harvest on a voluntary basis, while the collective peasant farms do so on a mandatory basis.

#### **Article 16. The Reporting of Peasant and Collective Peasant Farms and State Monitoring of Their Activity.**

State monitoring of the activity of peasant and collective peasant farms is accomplished through taxation policy, as is land use in accordance with the procedure stipulated by the Land Code and other legislation of the Republic of Armenia.

The peasant and collective peasant farms maintain a log to record the expenses made on the farms and the formation and use of income.

The peasant and collective peasant farms submit a declaration (report) of the results of their annual activity under the procedure stipulated by the Council of Ministers of the Republic of Armenia.



**Article 17. Social Insurance and Social Security for the Members of Peasant and Collective Peasant Farms.**

The members of peasant and collective peasant farms and the individual working at them under work contracts are subject to social insurance and social security in accordance with the legislation in force of the Republic of Armenia.

Peasant and collective peasant farms make payments under the stipulated procedure to the state allocations for social insurance for their own members and individuals working at the farms under work contracts.

The peasant and collective peasant farms bear material responsibility, under the procedure stipulated by law, for the injury or other harm caused to the health of their members or individuals working under work contracts in the fulfillment of their labor obligations.

Social and cultural support for the members of peasant and collective peasant farms is provided through the intrinsic funds of those farms and the funds of the social consumption allocations.

The work time of the members of peasant and collective peasant farms and individuals working at them under work contracts is counted in the general and continuous length of service.

Pensions for members of the peasant and collective peasant farms who are receiving pensions are fully preserved.

**Article 18. Curtailment of the Activity of Peasant and Collective Peasant Farms.**

The activity of the peasant farm is curtailed upon cessation of the right to ownership of the land by the given farm on grounds envisaged by the Land Code of the Republic of Armenia, as well as in the event that no member remains who wishes to continue the activity of the farm.

The activity of the collective peasant farm is curtailed under the procedure defined by its charter.

Disputes on the cessation of the right to ownership of the land by peasant and collective peasant farms, as well as on the division of property remaining after the curtailment of the activity of those farms, are resolved through the courts.

*[Signed] L. Ter-Petrosyan, Chairman of the Supreme Soviet of the Republic of Armenia, and A. Saakyan, Secretary of the Supreme Soviet of the Republic of Armenia, 22 Jan 91, Yerevan.*

*The procedure for instituting this law will be published in the next few days.*

**RSFSR Looks to Garden, Orchard Development**

**Readers' Legal Questions Answered**

914B0104A Moscow *SELSKAYA ZHIZN* in Russian  
25 Dec 90 First Edition p 4

[Article by G. D. Romanov, lawyer of the Moscow Voluntary Society of Gardeners, responding to questions of readers: "The Gardener and the Law"]

[Text]

[G. A. Tikhonova, Iglich, Yaroslavl Oblast]: My parents had a garden plot. My mother died in 1980 and my father married another woman. In 1989 he died. I turned to the management with a request to become a member of the partnership and was even agreeable to a division of the plot. But the administration chairman told me that by law the parcel is not divided into four thousandths. The partnership accepted as a member not me, but that woman—four voted for her and three for me. It is vexing to tears. After all, I am raising two young children alone. How much effort I put into that parcel!...No, I cannot come to terms with the injustice. Tell me please, isn't truth on my side?

[Romanov] It is difficult to give a specific answer. According to Article 532 of the RSFSR Civil Code, the daughter and wife of a deceased have equal rights to inheritance under the law. However, in the given case we are speaking not only about buildings and other property but also about a parcel of land. For this reason it is of decisive significance who of the heirs is accepted in the garden partnership. Incidentally, from the letter it is not clear why the decision on partnership membership was made by only seven people. Evidently these were members of the administration, whereas this kind of question can be decided legally only by a general meeting (Article 14 of the Law on Cooperation). In this case the decision of the administration should be considered illegal.

In any case, Comrade Tikhonova has the right to turn to the courts to request the right to join the garden partnership.

[L. I. Nikiforov, Chuvash ASSR]: From my mother, a kolkhoz member, I inherited a house in the country with a private plot of 30 hundredths. My family and I live in the city and I do not belong to a garden partnership. Here is my question. Will I be able to keep the property and all 30 hundredths?

[Romanov] Questions like this are dealt with by local soviets of people's deputies (for example, the village or settlement soviet), to which I refer the reader. I just want to remind him that in accordance with Article 10 of the USSR Basic Law and laws of union republics concerning land, with the transfer of property rights to build and put up structures is transferred the right to manage these land parcels according to the order and conditions established by the laws of union and autonomous republics. This means that the village soviet may decide to allow

Comrade Nikiforov to keep a parcel of a certain size (including fewer than 30 hundredths) for a certain period of time.

[V. Roshchupkina, Ryazan]: I have a house in the village and I live there each year from May to October. The parcel is 15 hundredths in size. Now everyone is saying that I will have to buy the land from the state. Is this true?

[Romanov] The RSFSR Law, "On Land Reform," (Article 8) states: the transfer of land into the private property of citizens is implemented by soviets of people's deputies both for payment and without. Citizens receive land free within the limits of norms established by village, settlement and city soviets of people's deputies if the land is being allocated for a private plot or for the building and maintenance of a residence. All previously-allocated parcels as well as unproductive agricultural lands and damaged lands are given to citizens as their property free of charge for the purpose of gardening or livestock raising.

[G. V. Matyukin, Bryansk Oblast]: At one of the consultation sessions it was stated that the members of any cooperative from now on have the right to dispose of their property as they see fit—to sell it, will it, lease it or conclude transactions that are not contrary to law. Does this apply to members of gardening partnerships?

[Romanov] Of course. After all, gardening partnerships are one of the forms of voluntary citizens' association and belong to the sphere of consumer cooperatives. But please note that the subject under discussion is the property of citizens such as buildings, machines, inventory, vegetation and so forth. The land of a gardening partnership, as stated in Article 4 of the RSFSR Law, "On Land Reform," is collective shared property. The right to dispose of it is directly related to member relations within the cooperative.

#### **Council of Ministers Decree on Land Allotments**

914B0104B Moscow SELSKAYA ZHIZN in Russian  
27 Feb 91 p 4

[TASS article: "Land for Horticulturists and Gardeners"]

[Text] The RSFSR Council of Ministers resolution Number 110 of 22 February 1991 has obliged the councils of ministers of republics belonging to the RSFSR, kray and oblast executive committees, executive committees of soviets of people's deputies of autonomous republics and okrugs, rayon and city executive committees and the corresponding republic ministries and departments:

—to implement work related to allocating land parcels to interested republic citizens by 15 April 1991 for horticulture, gardening and livestock raising in a size of up to 0.15 hectares per family;

—to facilitate the implementation of land organization and other operations related to the allocation to citizens of land parcels for horticulture, gardening and livestock raising.

—to immediately examine the question of allocating lands, including arable land, for horticulture, gardening and livestock raising. It must be established that agricultural enterprises and other land users allocate no less than 5-7 percent of arable land, depending on its availability and quality and on local conditions, to residents of city settlement points and rayon centers under contract conditions in 1991 for temporary use as gardens for 1 year.

—to determine the list of industrial enterprises, organizations and institutions and kolkhozes and sovkhoses with the goal of developing mutually-advantageous contract ties in 1991 on the basis of cooperation in the production of potatoes and vegetables to supply the labor collectives of these enterprises, organizations and institutions;

—to prepare and submit to the RSFSR Council of Ministers by 15 May 1991 a proposal regarding changing state orders for potato deliveries in 1991 by agricultural enterprises to cities and industrial centers.

#### **Situation Around Moscow**

914B0104C Moscow SELSKAYA ZHIZN in Russian  
21 Feb 91 p 4

[Article by G. Sugak, TASS correspondent: "Land for Citizens"]

[Text] Moscow residents need 400,000-450,000 garden and orchard plots. In order to satisfy demand it is planned to make allocations in the Moscow suburbs only for the 1991 season without the right to build anything there.

This is the essence of a joint decision by the executive committees of city and oblast soviets about the more intensive allocation of land for growing vegetable and fruit to non-village residents.

This was discussed on 20 February at a press conference in the Moscow soviet by the directors of the two executive committees. It is planned that the enterprises, the land of which is offered to city residents, will help the latter as possible to carry out the most labor intensive operations.

Preference will be given to partnerships and labor collectives, i.e. to organized masses of gardeners. Right now norms for the allocated parcels are determined according to a standard average of three hundredths per person. But for interested parties a larger size may be possible. The most important thing is to correctly calculate strength and to cultivate and harvest crops without outside help.

Parallel with land allocation, attention is being given to ecological balance and the preservation and inviolability of territories that are important for supplying the population with water.

The press conference participants touched on questions of transportation and medical and consumer services for dacha residents. These problems require solutions but right now still remain sore spots with regard to relations between the many millions in Moscow and the Moscow suburbs.

### Reader's Letter Stresses Importance

914B0104D Moscow SELSKAYA ZHIZN in Russian  
15 Jan 91 p 1

[Letter to the editor by A. Syromlya, Arkhangelsk: "Is it Possible That We Will Be Unable to Feed Ourselves?"]

[Text] Today the question that is being discussed everywhere—in the Supreme Soviet, in the press and in meetings of scientists—is how to feed the country. Many intelligent proposals have been heard, but the majority of them have one considerable shortcoming—results will not come soon. I feel that there is a method that will improve supplies of food products to the population rapidly and on a guaranteed basis. Everyone—both village residents and city residents—must be given the opportunity to raise their own produce.

Right now this is difficult because the private and garden plots that are being allocated at present are considerably smaller than owners would like and could work. Moreover, in many places it is not easy to obtain them. I think that each rural and city family should be allocated free of charge 1 and 0.5 hectares respectively either for use during the lifetime of the family or as its own property.

Everyone who lives in the village, regardless of where he works, could receive land from the land resources of kolkozoes and sovkhoozes, which have a great deal of extra land. Many of them cannot cultivate this land properly without outside help anyway and do not have the capacity now to either fertilize it or harvest it.

In each rayon one or several commissions dealing with such work should be created to allocate parcels of land to people and incentives must be provided for their work.

### Reader's Letter from Gomel

914B0104E Moscow SELSKAYA ZHIZN in Russian  
20 Nov 90 First Edition p 1

[Letter to the editor by O. Brankovskiy, worker in Gomselmash PO [Gomel Agricultural Machinery Production Association], Gomel: "Dacha Residents or Food Providers?"]

[Text] Today much is being sharply said and written about the attitude toward land. In truth, how much "non-managed" land remains empty in villages! I could somehow justify disabled old people and invalids

because they simply do not have the strength to cultivate the sometimes large land parcels near their homes. But I cannot justify those who use the village as a place for carefree relaxation, a dacha place. "We have money, what else do we need? Let this land grow up in tall weeds! I am resting."

On the other hand, how many city residents try hard to receive several hundredths of land on which to create planting rows or to plant fruit trees! Why not find a mutually-advantageous language on strict legal basis between those who wish to have land to cultivate and those who cannot cultivate it in a timely and qualitative manner? A supplementary lease payment or fine should be levied against those who do not wish to manage their land economically.

### Follow-Up Comment from Orenburg

914B0104F Moscow SELSKAYA ZHIZN in Russian  
19 Jan 91 p 1

[Letter to the editor by Vasilyev, city of Buzuluk, Orenburg Oblast: "Dacha Residents or Food Providers?" (20 November)"]

[Text] We are surprised by this article. If only old people are left in the village does this mean their land should be taken away from them for dachas? Does this mean that old people are useless? Doesn't the author think that this will affect the young people too? After all, it would mean that when they grow old their land would be taken away from them to make way for dachas. But dacha residents will not feed us.

### Moscow Regional Groups Struggle With Land Questions

#### Appeal to SOVETSKAYA ROSSIYA

914B0100A Moscow SOVETSKAYA ROSSIYA  
in Russian 22 Feb 91 First Edition p 2

[Article by A. Gamov: "Behind the Backs of the Owners"]

[Text] The Editorial Board of SOVETSKAYA ROSSIYA has received an appeal addressed by farm leaders in the Moscow area to the 1st deputy chairman of the Mossovet [Moscow City Soviet of Workers' Deputies]. In particular, this appeal includes a discussion of the small article entitled "Land for Workers," as printed in KOMSOMOLSKAYA PRAVDA on 7 February of this year. Herein it is revealed that S. Stankevich turned to the RSFSR Supreme Soviet, to B.N. Yeltsin and to the chairman of the RSFSR Council of Ministers I.S. Silayev, requesting their assistance in the dismantling of 100 unprofitable sovkhoozes and 53 kolkhoozes and transferring them over to the Mossovet. Moreover, emphasis was placed upon the fact that the leadership of the Moscow Oblast Soviet would pose no objection to this decision.

The 1st deputy general director of the Dmitrovskiy APK [agro-industrial complex] V. Ignatkov, the chairman of the Kolkhoz imeni Kalinin V. Uskov, the director of the Bunyatinskiy Sovkhoz V. Krylov and eight other leaders of Moscow farms expressed their harsh negative attitude towards this handling of the affair. Offering facts and figures, they proved that if a path is followed leading to the ruin of the kolkhozes and sovkhozes and their de-collectivization, Moscow will lose more than it will gain. The chairmen and directors are perplexed regarding the standards employed in the analysis by S. Stankevich, during the course of deciding upon the unprofitable nature of the work being carried out by 153 Moscow farms. According to their data, there are generally speaking no such kolkhozes or sovkhozes to be found in the oblast and thus there are none that can legally be dismantled because of unprofitability.

Who is right in this instance—S. Stankevich, who is appealing to the Russian leadership, or those farm leaders who must master the situation that has developed in agriculture in Moscow Oblast? Taking advantage of the fact that a press conference was held in the Mossovet on 20 February on the subject "Joint Actions by the Mosgorispolkom [Moscow Municipal Executive Committee] and Mosoblispolkom [Moscow Oblast Executive Committee] on the Allocation of Tracts of Land for Gardens in the Moscow Area," I asked the participants to comment upon the appeal.

After acquainting himself with the materials, the people's deputy of Mossovet and acting chairman of the Committee for the Suburban Economy and Land Utilization attached to the presidium of the Mossovet, A. Litvinov, took to the floor. The deputy admitted that it was he who prepared the letter for the signature of S. Stankevich. It was identical in content to the first letter sent to the Russian leadership, which was signed by G. Popov and Yu. Luzhkov. Moreover, as noted by A. Litvinov, in S. Stankevich's message mention was made not of the dismantling of the kolkhozes and sovkhozes but rather of their being turned over to the Mossovet. But will this really change the situation? Yes and it was said that the word "unprofitable" was not there and that "low profitability" was mentioned in the letter. Thus A. Litvinov drew the conclusion that the newspaper SOVETSKAYA ROSSIYA, having directed attention to this appeal, is once again pursuing the goal of linking us to the oblast and to the sovkhoz directors. In the process, he added: "If someone wishes to familiarize himself with this document—I can show him a Xerox copy."

Following the end of the press conference, we accompanied A. Litvinov to his office. But it appeared that the promised Xerox copy had vanished into thin air. We succeeded only in uncovering several rough copies bearing the signatures of the leaders of the Mossovet. But the word "unprofitable"—as bad luck would have it—was not corrected in the second copy of S. Stankevich's letter. And at this point A. Litvinov once again asked that a dictophone be turned on in order to make the following announcement:

"I know well the difference between profitable, low profitability and unprofitable farms. Thus if a misprint found its way into S. Stankevich's letter and 'unprofitable sovkhozes' was written, then I apologize to those directors whom I may have offended."

It is by no means an accident that we are devoting so much attention to this "erroneous term." Actually, incorrect information or, more exactly, misinformation, if it nevertheless came from the pen of the 1st deputy chairman of the Mossovet, could have in turn provoked incorrect actions by the authorities with respect to the Moscow farms. In this regard, no benefit was derived from any of the decrees.

But this story was troubled not only by this special situation involving terms. I was truly surprised by the fact that the 1st deputy chairman of the Mosoblispolkom, Yu. Korolev, who was present during the press conference, made no mention of A. Litvinov's comments regarding the appeal by the leaders of the Moscow farms. It turned out that not only had he not read this document, but in fact he never saw the letters sent by the Mossovet leaders to parliament and to the Russian Council of Ministers. Yu. Korolev admitted that they acquainted him with the letters only over the telephone. Thus the fate of their farms is being resolved behind the backs of the leaders and they have no say in the matter.

Moreover, one can understand why the Mossovet leaders decided not to acquaint their colleagues from the oblast with all of the details of the planned action. I believe that it will prove interesting to Yu. Korolev, and also to the authors of the appeal, to acquaint themselves with a small extract from the letter prepared for the signature of S. Stankevich, the extract which was shown to us in the Mossovet:

"Dear Boris Nikolayevich! We are appealing to you in behalf of the residents of Moscow. At the present time, the rayispolkoms [rayon executive committees] of Moscow include more than 4,500 enterprises and organizations, at which more than one million individuals are desirous of obtaining tracts of land. A critical situation has developed. The Moscow Oblast soviet is unable to hand down a decision on the matter of making land available to Moscow residents. Even in the event of the adoption of a positive decision, its execution will be blocked at the rayon or village soviet level or simply by the sovkhoz directors.

"We ask that you use your influence and authority to further the adoption by the RSFSR Supreme Soviet of the decision to transfer over to the Mossovet 100 unprofitable sovkhozes from the existing 324 sovkhozes and 53 kolkhozes in Moscow Oblast."

Just think, here we have in mind the Moscow region, which is one of the country's largest producers of agricultural products. It is sufficient to state that last year the oblast's sovkhozes sold a tremendous quantity of milk, one third of a million tons of meat and 3,685,000,000 eggs to the state. During good years, the Moscow region

also supplies up to one and a half million tons of vegetables and potatoes. A large portion of this output is used to supply the capital

Following the press conference, at which time Yu. Korolev became informed as to what was happening, I was interested in learning exactly how he evaluated the same steps taken by the Mossovet leadership.

"Certainly, for our part each individual wishes to act in the manner he deems necessary," replied the 1st deputy chairman of Mosoblispolkom. "But unless he has our consent, nobody is authorized to hand down a decision concerning the further fate of our farms. With regard to unprofitable kolkhozes and sovkhoses, there are truly none in our oblast. True, we have 49 farms where the production efficiency is lower than the average for the rayon or oblast. But the leaders and collectives oppose making them subordinate to the Mossovet. It is another matter entirely if the capital assumes patronage over them. I believe that this variant will be suitable to the city-dwellers and to our workers."

Actually, how much benefit can be realized if we succeed in combining the efforts of the Mossovet and Mosoblisovet in creating a system of highly profitable farms in the Moscow region? As the leaders of the oblast's kolkhozes and sovkhoses stated quite fairly in their appeal, it is precisely here that we find a hidden source for food abundance, one which everyone talks about but does nothing to improve.

Beyond any doubt, tracts of land are needed for our Moscow residents. And the more the better. But the work must not be carried forward using incorrect methods.

#### **Land Needs for Gardens, Orchards**

*914B0100B Moscow SELSKAYA ZHIZN in Russian  
21 Feb 91 p 4*

[Article by G. Sugak, TASS correspondent: "Land for City-Dwellers"]

[Text] The residents of Moscow require 400,000-450,000 tracts of garden and orchard land. In order to satisfy their needs, the plans call for used lands to be allocated in the Moscow region during the 1991 season alone and without the right for any construction to be carried out on them.

Such is the essence of the joint decision by the ispolkoms [executive committees] of the municipal and oblast soviets regarding a more intensive allocation of land to non-rural residents for the cultivation of fruit and vegetables.

The leaders of the two ispolkoms discussed this matter during a 20 February press conference in the Mossovet [Moscow City Soviet of Workers' Deputies]. The plans call for those farms whose land will be presented to city-dwellers to furnish assistance to them, to the extent that it is possible, in the carrying out of labor-intensive operations.

A preference will be shown to associations and labor collectives, that is, to organized groups of gardeners. For the time being, the norm for the areas to be set aside has arbitrarily been set at an average of three hundredths of a hectare per individual. But an increase in size is possible for those desiring larger areas. The chief concern—to correctly calculate one's resources and to grow and harvest the crops without outside assistance.

In addition to the allocation of land, attention is also being focused on the observance of an ecological balance and the maintenance in an inviolable state of those territories considered to be important for supplying the population with water.

The participants in the press conference also touched upon the problems of transport, medical and trade services for summer residents. These problems require solutions and still remain as sore points in the relationships between the city of many millions of people and the Moscow region.

#### **POST-PROCUREMENT PROCESSING**

##### **Chernoivanov on Equipment Problems in Food Processing Sector**

*914B0103A Moscow ZEMLYA I LYUDI in Russian  
No 7, 15 Feb 91 p 2*

[Interview with V. I. Chernoivanov, first deputy chairman of the State Commission on Food and Purchases of the USSR Council of Ministers, by V. Biryukov: "Technical Potential of the Food Industry"]

[Text] Apart from the state of affairs in agriculture, the level of development of the material and technical base for the storage and processing of agricultural products has a significant effect on the state of the food market in the country. The editorial department of the daily ZEMLYA I LYUDI asked V. I. Chernoivanov, first deputy chairman of the State Commission on Food and Purchases of the USSR Council of Ministers, to discuss how matters stand in this sector at present.

[Biryukov] Vyacheslav Ivanovich, a number of decisions on the retooling of APK processing sectors and establishment of a modern food industry were adopted at the Union level several years ago. Could you briefly remind our readers what is the essence of this program?

[Chernoivanov] In our country proper attention was not given to the base for the storage and processing of agricultural products for a long time. As a result, a significant part of the buildings and equipment of enterprises in this sector simply became obsolete. Every third meat combine and every fourth plant in the food industry represent a backward, primitive production facility. Many of them do not even have refrigerators. One-third of the available equipment is in operation for



two depreciation periods and longer. Nevertheless, no more than 4 percent of the active part of the fixed capital was renovated annually.

In 1987 the government worked out a program for the priority development of the base for the storage and processing of agricultural products. It was designed for 1988-1995. Substantial funds—77 billion rubles—were allocated for its realization. During eight years it is planned to deliver about 8,000 types of equipment, including 4,500 new ones, which are worth about 37 billion rubles, to processing sectors.

Our country has not yet known such a vast scale of development, technical renovation, and reconstruction of enterprises for the storage and processing of agricultural products. The country's entire machine building complex, including many enterprises of defense specialization, has joined in the production of processing equipment. At the same time, defense sectors have been entrusted with the functions of head ministries responsible for the technical level and production of equipment and spare parts for APK processing enterprises.

[Biryukov] How is this program being fulfilled? After all, 3 years from the beginning of its realization have already passed.

[Chernoivanov] During the time that has elapsed enterprises of defense sectors have organized the output of some types of processing equipment. Many of them were not produced by the domestic industry previously. Part of the new equipment is noted for a high technical level, which has made it possible to begin the introduction of highly productive and resource-saving technologies into the food industry.

At the same time, the agro-industrial complex does not yet receive all the machines that have been determined by the government assignment. True, if plans are discussed in gross terms, they are fulfilled by defense sectors. However, they attain this basically by setting the prices of many types of their equipment too high.

Here are several examples: The Melitopol Prodmash Plant of the USSR Ministry of the Defense Industry manufactures a bottle-washing machine and sells it at the price of about 25,000 rubles, while the Sterlitamak Plant of the same ministry supplies a similar machine at the price of 90,000 rubles. A bread-cutting machine manufactured by one of the enterprises of the USSR Ministry of General Machine Building previously cost 3,000 rubles and now is offered for 16,000 rubles. The USSR Ministry of the Shipbuilding Industry increased the price of tomato juice machines ninefold. This list can be continued.

Overfulfilling the plans for the output of equipment in rubles owing to an unsubstantiated increase in its prices, in many cases enterprises of defense sectors do not cope with assignments for the production of specific types of equipment. Last year alone they failed to deliver more than 1,000 units of 18 types of equipment to the food

industry. Enterprises of the USSR Ministry of the Aviation Industry and of the USSR Ministry of the Defense Industry owe the biggest quantity of equipment.

In all, in 1988-1990 collectives of defense sectors of industry failed to deliver processing equipment worth 200 million rubles to the country's agro-industrial complex. This led to the fact that food worth more than 350 million rubles was not produced. More than 600,000 tons of macaroni products, one million tons of packaged granulated sugar, approximately 430 million standard fruit and vegetable cans, and many other food products did not arrive at store counters. On the whole, during the 12th Five-Year Plan APK processing sectors received industrial equipment worth approximately one billion rubles less than planned. This means that the five-year program for the development of the storage and processing base, including the assignments of the last three years, was disrupted.

[Biryukov] So, we did not manage to attain, as planned, an outstripping development of processing sectors with respect to agricultural production?

[Chernoivanov] On the contrary, a process of their further lag is going on. During the past five-year plan the rates of growth of capacities for the processing of agricultural products were severalfold lower than the rates of growth of grain, meat, milk, oil crop seed, sugar beet, vegetable, and fruit production.

During the past five-year plan the assignments for the commissioning of capacities were fulfilled as follows: for the production of vegetable oil, approximately 30 percent, of granulated sugar, only 40 percent, of canned fruits and vegetables, 65 percent, of hulled and rolled products, 30 percent, of flour, 80 percent, and of macaroni products, almost the same.

This is the price of both the equipment shortage and of the slow rates of construction of many food industry enterprises. I would especially like to discuss the shortage of refrigerating equipment. The need for it is met only 15 to 25 percent, for low-temperature installations for cooling milk on farms, 25 percent, and for refrigerating machines for fruit and vegetable storage facilities, 30 percent.

In 1989 with a general order for 58,000 refrigerating units about 20,000, or 33 percent, were delivered to APK enterprises. In 1990 scarcely more than 22,000 were allocated. In practice, all this apparatus is allocated for the outfitting of new construction projects. At the same time, at most operating enterprises refrigerating equipment is in an emergency situation and requires replacement.

[Biryukov] Vyacheslav Ivanovich, the acute food shortage, empty store shelves, and lines require urgent measures to overcome the lag in this machine building sector. In your opinion, what should be done, first of all, in order to make up for what has been neglected and to

fundamentally change the situation in the technical equipment of APK processing enterprises?

[Chernoivanov] I will begin with our imperfections. The State Commission on Food and Purchases and the organizations under it committed their miscalculations and oversights. Their essence lies in insufficient persistence and coordination in the performance of work on realizing the outlined program.

First of all, we must see to it that ministries of defense sectors and the machine building complex make up for the lag in the delivery of series-produced equipment, which occurred last year. It is also important that they ensure the fulfillment of assignments for the development of new equipment. In connection with this the USSR Gosplan and the USSR State Committee for Material and Technical Supply should give real assistance with material and technical resources and accessories to manufacturing enterprises.

A prompt conclusion of the construction of key processing enterprises is another urgent task, whose accomplishment will make it possible to relieve the tension on the food market. In accordance with the state order 252 production capacities for the output of basic types of food products should have been put into operation last year. However, most projects were not commissioned.

By now not a single republic has fulfilled the plan for construction and installation work. Processing enterprises in many oblasts in the Russian Federation, Georgia, Azerbaijan, Kyrgyzstan, and the Ukraine are being built especially slowly. It sounds paradoxical, but it is a fact: in the enumerated regions republic and local bodies of power complain about the food shortage. However, they take virtually no steps to speed up the commissioning of production capacities for the processing of agricultural products.

Such unconcern and irresponsibility with respect to imported equipment are visible with special clarity. It is primarily a matter of 169 production lines ordered abroad for specific purposes. With their commissioning the production of macaroni could increase by 320,000 tons, of margarine, by 448,000 tons, of crackers, by 120,000 tons, and of other food products, by about two billion rubles annually.

These lines were purchased at the request of republics, which assumed the obligations to put them into operation before 1991. By January construction projects received 155 lines. However, the output of food products began at only 55 of them. In Moscow work on putting imported lines into operation is carried out slowly. There is a big lag in the construction of shops for the production of crackers and dry cereals in Magnitogorsk, Tula, and Tyumen, of macaroni products in Kazan and Samara, and of liquid margarine in Ivanovo, Odessa, and other cities.

The shortage of some materials and domestic equipment for additional outfitting of lines is one of the reasons for

such a lag. For example, 60 units of chemical and refrigerating equipment and a great deal of other machinery are needed in order to put them into operation. The weak control over the course of construction on the part of local bodies of power is another, no less important, reason for the slow construction.

Thus, in Samara Oblast, owing to the unsatisfactory work of local construction organizations, the timetable for the installation of expensive imported equipment for the production of crackers, liquid margarine, and macaroni products was disrupted. For the same reason the reconstruction of the oil and fat combine and installation of an imported line for the production of liquid margarine are carried out extremely slowly in Odessa Oblast.

Belorussia, like other republics, experiences an acute shortage of meat. However, an end to the construction of the Glubokskiy Meat Combine is not in sight. The USSR Agrosnab took steps to outfit this important food industry project with scarce compression refrigerating units. However, owing to the low construction readiness, its commissioning was disrupted last year. In Kazakhstan a little more than one-half of the 32 key start-up capacities were commissioned last year.

[Biryukov] Vyacheslav Ivanovich, in your opinion, what can explain such an irresponsible, to put it mildly, attitude toward this matter?

[Chernoivanov] First of all, mismanagement and unwillingness or inability on the part of local bodies of power to deal with a specific matter. Of course, it is simpler to wait for help from elsewhere and to demand: "Give this, give that." It is quite another matter to organize the production of food products at one's own place and with one's own efforts. In addition to the capacity to make speeches, this requires competence and the ability to work and to realize outlined programs.

Local authorities play a very big role in the solution of the food problem. People often ask: Who is personally responsible for providing the population with food? If equipment is purchased for currency, is delivered to a project, and awaits assembly, but is not installed, the first responsibility in localities rests with APK administration bodies and their managers. In this case many capacities for the output of food products are not put into operation through their fault. We should have changed over from talks about the food shortage to real actions a long time ago. Let people's deputies and representatives of labor collectives place the commissioning of all enterprises, shops, and lines for the production of meat, sausages, flour, hulled and rolled products, margarine, canned fruits and vegetables, and dairy and other products under workers' strict control.

[Biryukov] In this case you have in mind basically large processing enterprises. However, with the transition to a market there will also be a big demand for equipment for small facilities for the processing of agricultural products. What is now being done for its production and series output?

[Chernoivanov] A system of such equipment has been devised. It includes 488 items. Now it is a matter of organizing its development and mass production. This work has begun. For example, the USSR Ministry of Construction of Petroleum and Gas Industry Enterprises has organized the output and is already delivering small meat processing shops in a turnkey complete-unit model with a capacity of two tons of meat and one ton of sausage per shift. Plans are made to manufacture 1,750 such sets before 1995.

The production of cheese making shops with a productivity of 50 to 300 kg of products per shift is being organized at enterprises of the defense complex. The output of small-capacity bakeries has begun. The USSR Ministry of the Aviation Industry in cooperation with

other ministries has organized the production of buildings and equipment for complete enterprises for the output of canned fruits and vegetables. In the system of the Soyuzpromteplitsa Association capacities have been established and the production of complete storage facilities for fruit and vegetable products from light metal structures has been organized.

Nevertheless, not enough as yet is being done in this direction. In particular, the mastering and series output of some types of new equipment are held back, a number of construction projects are not promptly provided with planning estimates, and many projects are not put into operation on time. As a result, the agro-industrial complex is deprived of the possibility of producing an additional quantity of sausages, cheese, canned food, and other products through the development of small food enterprises.

## POLICY, ORGANIZATION

### Price Rise Compensation Measures Explained

914D0168A Moscow *RABOCHAYA TRIBUNA*  
in Russian 16 Mar 91 p 3

[Letter by N. Kozina and unattributed response under the rubric "Operation 'Price'": "What Kind of Compensation There Will Be"]

[Text] *Newspapers on all ends of the spectrum write that an increase in prices is economically unavoidable.*

Does the reform of prices include any kind of compensation for the people?

[Signed] N. Kozina, retiree, Sverdlovsk

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Compensation will be the most important part of this reform. According to information received at the editorial office, all capital from the rise in costs of basic food goods, linen, mass types of fabrics, clothing, and footwear, articles of personal hygiene and tobacco products, construction materials, furniture, wallpaper, dishes, household chemical goods and other products, and fares for passenger transport is supposed to be directed toward compensating for the increase in prices, and the rise in costs of children's products is supposed to be fully compensated. In all, a total of 265 million rubles [R] will be returned to the consumer—85 percent of the total increased prices.

The specific amounts of compensation for the various categories of the population have been determined.

The wage rates and salaries of all salaried workers will increase by no less than R60 per month. In reality, wages will increase to an even greater degree: after all, with an increase in wage rates or salaries, additional payments, bonuses, and premiums will increase appropriately.

Simultaneously, income taxes on citizens will decrease.

Enterprises will receive full freedom to further increase the wages of their workers in accordance with existing capital. Taxation of the profits of enterprises will decrease to 35 percent for this purpose.

In order to level out the starting conditions for all workers, a portion of the capital received from the increase in prices and fares is directed toward an additional substantial (by a factor of 1.6-1.7) increase in the level of wages to workers of leading professions in the sphere of education, public health and social services, culture, and archive institutions.

As for the population unable to work, pensions and allowances for nonworking members of the family dependent on nonworking retirees will increase by 65 rubles per month for all nonworking retirees.

In addition, invalids and veterans of war and labor will be compensated for expenses connected with increases in the cost of special transportation equipment and of spare parts for it, fuels, lubricants, prosthetic and orthopedic products, medicines, transportation expenses, sanitarium and resort treatments, municipal services, and other privileges stipulated by existing legislation.

We note that an increase in prices for medicines is not planned.

To preserve the living standard of families with children, existing levels of social allowances to such families will increase on the average by a factor of 1.6-1.8

Simultaneously, a new type of special compensation will be introduced: R40 per month will be paid for children up to the age of 16 who do not receive allowances under the existing system of social support. In addition, targeted compensatory payments to families with minor children will be introduced in conjunction with increases in the costs of children's goods in the following amounts per year:

—for children of up to six years of age—not less than R200;

—for children of 6-13 years of age—not less than R240;

—for children of 13-18 years of age—not less than R280.

Stipends will increase by a factor of 2-2.5 on the average.

### Ukase On Kyrgyz Consumer Protection

914D0165A Frunze *SOVETSKAYA KIRGIZIYA*  
in Russian 22 Jan 91 p 1

[Ukase by A. Akayev, President of the Republic of Kyrgyzstan, Frunze: "On Temporary Measures Aimed at Protecting Consumer Interests in the Republic"]

[Text] In connection with a deterioration in the situation in the republic's consumer market, growth in legal infractions in the distribution of deficit and other goods, an increase in other negative phenomena associated with infringements upon the interests of consumers and taking into account the numerous recommendations of labor collectives and citizens, be it resolved:

#### I.

1. Exports from the republic of consumer goods, products of a production-technical nature, raw materials and other materials (excluding the exchange of finished products for completed items and materials used in their manufacture, as formulated in agreements, and transit goods) are carried out in the manner established by the Cabinet of Ministers of the Republic of Kirgizstan.

These requirements are mandatory for all state, cooperative, rental, joint-stock, combined and other enterprises and organizations located on the territory of the republic and for all citizens.

2. For the period devoted to stabilizing the situation on the consumer market, the following items are not subject to exporting by enterprises and organizations (enumerated in Point 1) beyond the borders of the Republic of Kirgizstan for the purpose of sale, barter or eliminating contractual indebtedness: gold, other precious metals, precious stones and products made from them, dog rose and sea-buckthorn oil and other types of mineral and medicinal raw materials.

3. State industrial, procurement, trade and supply enterprises, organizations and institutes are authorized to release consumer goods, raw materials and other materials to enterprises based upon collective and private forms of ownership only in cases and in the manner prescribed by the Cabinet of Ministers of the Republic of Kirgizstan.

4. Consumer goods, products of a production-technical nature, raw materials and other materials cannot be accepted for shipment, by all types of transport, beyond the borders of the republic in the absence of export authorization prepared in the established manner.

5. The storage or pre-sale preparation of goods at trade bases, warehouses, other storage areas and in stores, over and above the periods and norms established by the Cabinet of Ministers of the Republic of Kirgizstan, is not authorized.

6. Section I of this ukase enters into force on 1 February 1991.

## II.

Prior to 15 February 1991, the Office of the Public Procurator and the Ministry of Internal Affairs of the Republic of Kirgizstan will prepare and introduce in the established manner, for review by the republic's Supreme Soviet, a draft law on supplements and changes to the Code of Administrative Legal Infractions calling for strict administrative responsibility in the following instances:

- illegal exporting or shipping of goods, products, raw materials and other materials from the republic;
- intentional, for the purpose of creating an artificial deficit or increase in prices, restriction, unjustified cessation or interference in deliveries, in any form, on the consumer goods market, or restraint in the circulation of these goods, including storage in excess of the established periods and norms;
- trade in goods, products, raw materials and other materials produced at state and cooperative enterprises and also imported goods (products), with the established state prices being surpassed;
- sale of goods, products, raw materials and other materials from warehouses, bases, auxiliary facilities of enterprises and organizations of trade, public catering or domestic services for the population, or upon their delivery to the storage area and also concealment from

customers, by workers attached to these enterprises and organizations, of such goods, products, raw materials and other materials;

- the release by state enterprises and organizations, based upon collective and private forms of ownership, of goods and other material values, to enterprises in violation of the established system;
- the use of finished non-food goods intended for consumption, in the capacity of raw materials or semi-finished goods, for the production of other goods;
- the transfer to another person, for award purposes, of a document, coupons or ration cards, for the purchase of standardized goods and, in like manner, the illegal use of another's document for such purchases;
- disorganization in the system for the sale of goods by hindering their acquisition on a priority basis.

## III.

Prior to 1 March 1991, the Cabinet of Ministers of the Republic of Kirgizstan must prepare and adopt normative documents aimed at implementing this ukase.

*[Signed] A. Akayev, president of the Republic of Kirgizstan, Frunze, 21 January 1991.*

## FOOD PROCESSING, DISTRIBUTION

### Food Shortages Prompt Oil Workers' Dispute

914D0167A Moscow SOVETSKAYA ROSSIYA  
in Russian 12 Mar 91 First Edition p 2

[Article by V. Deryagin, SOVETSKAYA ROSSIYA correspondent in Perm: "A Conflict Situation: A Fountain of Absurdity"]

[Text] A conflict has flared up between the Perm Oblispolkom [Oblast Soviet Executive Committee] and local oil industry workers. The ostensible cause is the tense food situation. In some cities in the oblast supplies of meat have been exhausted; in Perm itself only 30 percent of allocations have been received. Workers' cafeterias found themselves on the brink of closing; some of them stopped serving entrees. Food rationing coupons cannot be honored and remain unused. At the same time, contract prices in state and cooperative retail outlets are not for the weak-hearted: chicken is eight rubles [R] a kilogram, bologna R25, salami and hard salami between R33 and R38...

The sausage "shock" is unfolding against the background of the chaos in prices, the new system of taxation, and the battle between Union and republic legislation.

"And what does oil have to do with it?" the reader will rightfully ask. A lot, it turns out. In this stress situation, the oblispolkom is putting together a barter fund of local industries' output. Ten percent of goods produced by the oblast will go into this fund. They are slated to be



exchanged for food—not only in other regions, but also in the Kama area kolkhozes [collective farms] and sovkhozes [state farms].

This is when somebody remembered that the oblast is a part of an oil-producing region. The size of the tribute was established—10 percent of the output of Perm Oil, an amalgamation under an all-Union jurisdiction, or more than one million tons.

"It is both funny and sad—they are demanding from us something we do not have any control over," shrugs the amalgamation's chief geologist Yu.A. Dulepov.

It is true, the oil industry has a 100-percent state order for the current year, and the producing capacities of the wells are limited. It would probably be possible to somehow increase output through the accelerated opening up and fitting of already discovered resources. Such projects, however, can only be done with the consent of both the republic and Union government. Besides, the oblispolkom and oblast soviet demands "clashed" with the local soviets' even more radical policies. For instance, the Krasnovishersk Rayon Soviet, misinterpreting Article 23 of the USSR Law "On Basic Principles of Local Self-Management of Local Economy in the USSR," declared natural resources its property. The leadership of Oktyabrskiy and Usolskiy Rayon Soviets misappropriated the rights to issue permits for the exploitation of oil and natural gas resources. That is despite the fact that Articles 3 and 4 of the Law "On Property in the RSFSR," and Articles 9, 10, and 16 of "The RSFSR Code on Natural Resources" state that the jurisdiction of local soviets of people's deputies in the area of state administration of the utilization and protection of natural resources (including issuance of mining leases) extends only to commonly found natural resources such as sand, pebble, gravel, clay, and lime. Oil and natural gas, however, are exclusively under the jurisdiction of the okrug administration of the USSR State Committee for Supervision of Safe Working Practices in Industry and for Mine Supervision.

The barter epidemic, however, dictates its own logic. Especially since for some reason a commonly held belief is that the oil and natural gas industry "rakes in the money with spades." Now not only the local soviet leadership but also administrators of various economic entities have started to demand that the amalgamation give them a certain amount of oil and natural gas, hard currency, residential construction and recreation facilities, and equipment. In the heat of their ambitions the "owners," it seems, do not stop and think what they would do with the crude oil even if they got it. Appetites are growing. Kuydinskiy Rayon, for instance, resolved to establish its own oil and natural gas extraction administration—no more, no less. Leaving aside other aspects of such a decision, let us note in passing that in this case the entire able-bodied population of this agricultural rayon would have to become oil industry workers!

For fairness sake, let us ask: Perhaps Perm Oil flatly refuses to help local authorities at all? No, the figures tell us differently: each year more than 1,820 hectares of land are returned to their previous users; technical recultivation is done on over 1,700 hectares. Millions of rubles are transferred to the local soviet accounts to pay for the restoration of soil fertility and to pay for oil recovery leases. The amalgamation lays gas lines in rural areas. All of this is done despite the fact that the "oil barons" themselves are hardly sitting on sacks of dollars. So far they have not even been able to open their own hard currency account in the Bank for Foreign Economic Activity. This year, as a result of increased taxes and sharply increased prices for material resources they had a total deficit of R190 million. How is this to be compensated for, and with what? How are they to work if last year Azerbaijan did not deliver a single pumping unit? How are they to build housing and other social objects if the demanding oblispolkom stubbornly refuses to allocate brick? The Committee on Geology created under the Russian Government is not yet up to speed and cannot offer much real help. All of this is taking place against the background of the diminishing professional prestige of the oil worker. What prestige can one talk about when the average earnings of the pumping unit master is R150, while the sustenance minimum in the oblast, according to some calculations, is R198. At such earnings, would one put up with being in the fields far from home and the lack of comforts that accompany shift living? Plus, this living is becoming even more meager. Because of reductions in allocations, shift workers had been refused their allotment of canned meat. In the first quarter of this year only the cafeterias were supplied with meat for a month or two, and only because of the opportunity to buy meat from the kolkhozes at contract prices.

That is why the Perm Oil leadership sees the situation in many subunits as a pre-strike one. It is not accidental that the oil workers are now coming up with additional demands: remove a cap on a 15-percent coefficient (the Urals coefficient) bonus which now applies to salaries over R300; and fully supply the resources for the 100-percent state order.

Meanwhile, the argument about a million tons of oil "tax" continues. By the way, this is an enormous amount. It is enough to say that this constitutes one third of the annual output of Perm Oblast Oil—an organization under the oblispolkom jurisdiction that more than meets the region's demand for raw fuels. This is the organization to which the all-Union oil industry transferred 36 oil wells, with all their equipment, in 17 rayons in the oblast. Now nobody seems to remember this gratuitous transfer...

What we have is an absurd logic, according to which people insist on increased production while putting obstacles in the way of it. For instance, a high-yield deposit was found and fitted near Krasnovishersk, in the area of the so-called Gagarinskiy bog. Considerable resources have already been spent. Suddenly, in 1990,

the oblsipolkom included this deposit—around which an oil and gas complex had already emerged—under the designation of preserved bogs. No matter how hard the oil industry specialists argued that the oblast had many large and unique bogs that could make the same claim for preservation, the oblast authorities would not bend.

As a result, the existing situation forces oil extraction enterprises to reduce their output. It is now eight million tons less than during the previous five-year period. Besides, because of the financial deficit, the effectiveness of oil prospecting is expected to decrease by 20 percent, and the rate of growth in known deposits by 30 percent.

The conflict is ripening. It is probably true that the critical food situation in the oblast could be somewhat relieved on a temporary basis by bartering some petro-products produced in excess of the state order. But to do that it is necessary, as a minimum, not to put obstacles in the way of people who, in this difficult time of high cost of living and shortages, are doing their duty at the sources of the oil pipeline.

## HOUSING, PERSONAL SERVICES

### Retired Construction Leaders Share Blame for Housing Decline

914D0170A Moscow IZVESTIYA in Russian  
15 Mar 91 Union Edition p 3

[Article by R. Lynev: "Long-Construction Jobs of the Perestroika Era: What Fate Awaits the 'Housing-2000' Program"]

[Text] Enough has been said about projects which are long in completion and their baneful influence on the country's economy. And measures were adopted, seemingly, to reduce their number and for the monies to be spent merely on the most important projects, primarily housing construction. In light of this, the "Housing-2000" priority program of perestroika by no means appeared fantastic. This is how housing was introduced following its adoption. In 1986 some 119.2 million square meters, in 1987, 131.4 million, and in 1988, 132.3 million square meters. That is, continuous growth. The slump began in 1989: 128 million square meters; in 1990 it was 115 million square meters. There was a shortfall that year in the supply to the people of approximately 600,000 planned apartments. If things go on this way and the downward trend continues, the "Housing-2000" program will be fulfilled 50 percent, perhaps....

Things are even worse in industrial construction.

A special letter on these disturbing symptoms in the construction complex was recently addressed to the country's president by a group of former (now retired) leaders of central economic departments and construction ministries known to the whole country. The authors of the letter point out that last year the number of newly

started construction projects increased by 1,400 instead of the planned reduction in their number.

And what is particularly worrying is that this means a breakup of the construction structures, the collapse of evolved business relations, a steep decline in contract, engineering, and production discipline, and a strong outflow from construction of professional personnel. Thus the construction organizations last year lost 40,000 persons in Moscow and Leningrad alone. The construction worker today is the first candidate for unemployment.

Learning about these anxieties of yesterday's commanders of the economy, some readers may possibly wonder: How can they say this? Were these pillars of stagnation not in command at that time? Are they still trying to give advice in matters they have brought to a pretty pass?

Well, the attitude toward these people and their role and contribution to our economy may vary. But I personally would not be inclined to be ironical about the following specific data presented by the authors of the letter. Of the 746 plants stipulated by the government contract (it was this many which remained after every conceivable reduction in investments), only 289 were introduced last year, that is, less than 40 percent. This is striking increasingly palpably at the fuel and power complex, where only 55 percent of the planned capacity was introduced; at mechanical engineering, where the introduction was just a little higher—62 percent; and at the agro-industrial (34 percent) and iron and steel (23.6 percent of capacity) complexes.

Projects left uncompleted not only are not being cut back but have even begun to outpace the annual amount of capital investments. Introduction of the most important capacity has declined even compared with the most stagnant period—the 11th Five-Year Plan. Thus there was a decline in the introduction of energy capacity alone of 25 percent, of capacity for the production of synthetic yarn and fibers of 6.2 percent, and of capacity for the production of calcinated and caustic soda of 60 percent.

And, finally, the construction materials industry. It is simply becoming degraded. Only 55 percent of planned capacity for the production of plumbing-ceramic products was introduced and only 50 percent of capacity for the production of cement and 36 percent for the manufacture of joinery products was inaugurated in the last five-year plan. After this, how do you order people to engage in individual construction, about which so much has been said, including in connection with the "Housing-2000" program? And what altogether, given this operating speed, was our shortfall in heating, electric power, and machinery for processing farm produce, or, come to that, in this produce itself? Are we earnestly intent on somehow saturating the market, with which so many hopes are linked? We will put it another way: Will the measures pertaining to the recovery of the economy

not come to grief given the weakening of such important sectors of it as transport, power engineering, and communications, or that same capital construction?

Understandably, it is not the done thing, it is embarrassing, to talk about this now. But tomorrow could be too late.

Let us give the authors of the above-mentioned letter their due: For what is happening today in construction and in the economy as a whole they, as they confess, "must fully share responsibility" and "agree that there was much in their time which they were unable to do."

They confess. But does this make it any easier for us? And is it not time for us, in turn, to confess that we have turned restructuring [perestroyka] to a large extent into a long-construction project [dolgostroy], which is customary for all of us. The words have the same root, but the concepts are completely opposite even.

## PERSONAL INCOME, SAVINGS

### Difficulties in Establishing Minimum Standard of Living Described

914D0171A Moscow TRUD in Russian 19 Mar 91 p 2

[Article by TRUD political commentator V. Golovachev: "Where Does the Poverty Line Lie?"]

[Text] The matter of the minimum standard of living according to region, city, and as a countrywide average is still unclear.

Men's brown shoes were being sold recently in the center of Moscow, in a little booth on Petrovka Street which sells goods at commercial prices. They were nothing special, just ordinary men's shoes. But the price, however... First I decided that somebody had erroneously put an extra zero on the price tag. But it turned out to be no mistake—1,600 rubles [R] a pair and not a kopek less. In another commercial store I saw a sweat suit at R800, in still another one there were men's shirts that cost R600 each... All this is not available, of course, in ordinary stores.

Honestly speaking, I do not need highly fashionable foreign-made goods. I would be quite happy with the regular, domestically produced ones, but where can I find them? On the other hand, wearing shoes with holes in or shirts with frayed collars does not appeal to me somehow...

These sad thoughts are directly related to the subject of the minimum living standard. To calculate this minimum seems more than just a complicated undertaking, it also seems a rather controversial one. There are all kinds of methodologies in existence. But this is rather unimportant. Another thing is more important: Where, please tell me, can one buy today everything listed in the so-called "consumer basket"? This is the name for a list

of goods and services that provide the minimum allowable consumption, based on scientifically founded norms and regulations. The "basket" has over 230 items in it. Let us arm ourselves with some patience and look into it. I understand how tiring and bothersome figures can be, especially when there are a lot of them. But in this particular case they eloquently tell us how the calculations of our minimum living standard are done somewhere high up and how far removed they are from our real life, from all those problems that torture our people at present.

So, here is the "consumer basket" for a working-age male. Everything is accounted for in it—even going to the movies... The cost of the goods and services has been calculated down to the last kopek. To have a balanced diet, for instance, this male needs an annual minimum of 20.3 kilos of beef at R2 a kilo (a total of R40.60 a year), almost as much lamb and pork (R41.23), and also chicken, goose, duck, various kinds of sausage, frankfurters, etc. There are, of course, different kinds of fish, cottage cheese, cheese, vegetables, fruits, cereals, candy, cookies... Cucumbers and pickles are listed separately as well as fresh and pickled tomatoes... Every entry lists a fixed or, rather, fictitious price, of the kind we cannot even remember any more. All in all there are 70 food items, at a total cost of R50.60 a month.

There is only one upsetting detail: they do not give the addresses of the stores where you can buy, say, some bream, cheese, or sprats in oil, or prunes, or many bother products so indispensable for all people, not only working-age males.

The list of manufactured goods is of no less interest. I would like to draw your attention to the prices and periods set for using those goods. A winter coat, priced at R180, should be worn by you for seven years, according to the scientists' calculations. You are supposed to wear a lighter overcoat just as long (its cost is R120). The experts very generously allow a poor man to have not one but two suits—an all-wool one (R160) and a 50-percent wool one (R75). But he has to make each of them last at least three years. It is true that the "basket" also has some trousers—at R24 and R27. When I asked about such trousers in a store, however, the salespeople there had a good laugh.

The list of the minimum "basket" also includes the shoes that I have been searching for for months in the stores. Their price is only R20, not R1,600 as in the commercial store. A shirt here is R8.50 (not R600), a sweat suit is R55 (not R800)...

As I was going through the "basket" list I kept thinking: if Martians came here I would show them the list and they would be delighted at the clever, wonderful, and thoughtful way in which the list had been put together. But we do not live on Mars. I want to ask the people who did these calculations, experts from the USSR Goskomtrud [State Committee for Labor and Social Problems], where I can buy all this. Which store should I go to in

order to find, say, a table knife? What is more, the one that costs R1.50? What is more, the one that would last me 20 years, as the calculations have it? One commercial store around here was selling six kitchen knives for R600, but they are all gone now.

It is easy to see now, in my opinion, why all these estimates have been hidden from the people for a long time, why they were labelled "secret." They were discovered for us by the team of experts that was working on the "500 Days" program last year. They just published the classified materials of the Goskomtrud.

Someone would object that the above-mentioned calculations were made for 1988 when prices were different and goods were more plentiful. But that is not serious. All these materials are being accepted now as the basis for determining the minimum standard of living. Only one change was made in it: the total cost of the minimum standard was multiplied by the price-increase index. In two years the "basket" rose in price some R15 only (maybe a little more or little less). But did our life get more expensive by just R15 in these past two years? Anyone can easily answer this question.

Prices, however, are not the only problem. The situation at the consumer market has changed radically. Shortages of all food products as well as manufactured goods have become total, all-embracing. Under these conditions, against the background of depressingly empty store shelves, the mythical prices listed in the estimates seem more than inane, they are profoundly distressing. If the official minimum standard of living is determined on this basis, tens of millions of people who live in poverty will be considered "well-off" and denied the necessary government and municipal support.

Determining the minimum standard of living is not a formal act or the latest trend. It could be the last chance for those who live below the poverty line or are in close proximity to it. Having set this boundary honestly, society should come to their rescue (if there is still any room left in our hardened souls for the humane feelings of compassion and love for other people).

This is the reason it is so hard to agree with such calculations of the minimum living standard. According to the Goskomtrud experts, at present it equals a countrywide average of R110. But you do not have to be an expert to know that it is not possible any more to make ends meet with that little money. It would, definitely, be unreasonable to take into account commercial stores, like the ones that were mentioned at the beginning of this article. But it does not seem possible either not to take into account the facts of our life, shopping at farmers' markets, or buying essential goods in stores trading at contract prices.

The opponents' usual objection to this is that the main volume of goods is being sold through state-owned stores—95 percent. Only five percent are sold through the market and consumers cooperatives. Therefore, these particular sectors of the economy do not matter

much in a family budget. I suggest that the people who adhere to this point of view go on a business trip in their own city and try to do shopping for a week, from morning till night. I think that a period of one week would be quite sufficient. Maybe then they will understand how truly our statistics reflect our present life. It seems that the goods are really sold through the stores, but who buys them there and in what amount?

Trade union experts have their own alternative estimates of the minimum standard of living, both as a countrywide average and by different regions. I must admit that their results are essentially different from the USSR Goskomtrud conclusions. According to the trade union data, by the beginning of this year the minimum standard of living had a countrywide average of R170. A detailed analysis by cities and regions is just as interesting: (by either the end of last year or the beginning of this year) R202 for Moscow, R173 for Vladivostok (October 1990), R125 for Belorussia, R154 for Tolyatti, R177 for Russia... Without any doubt these figures are much closer to reality than the computations of official government agencies.

The reform that is going to take place in the nearest future will cause a sharp increase in consumer spending. If we take only the products from the state resources, the increase in prices, by an official estimate, will be R85 per working-age adult. That means that the countrywide average minimum standard of living, according to the trade union estimates, will rise to R255 or more, if we take into account the skyrocketing prices in other sectors of the economy. In Moscow, for instance, the minimum living standard may go up to some R300.

Let me remind you, meanwhile, that the minimum wage in the country is R70 at present, and after the price reform it will probably be R130...

In my view this kind of a gap between the minimum standard of living and wages is totally unacceptable. I understand, of course, that it might be difficult to raise minimum wages to the level of the real minimum standard of living right away. Most probably it will have to be done in stages. But in any case we have to come up with a carefully designed and detailed program of aid to those who are already sinking slowly as they find themselves below the poverty line. During our transition to the market economy this process might accelerate. First and foremost, these people need physical aid in the way of food products and essential goods. This might include vouchers for the purchase of food and other goods at government prices (or, maybe, at a discount), or free meal tickets, or partial payments of utility bills, or season tickets for transportation and many other things. Municipal and republic authorities should play an important part in organizing this type of aid.

Today we have families whose per capita monthly income is, say, R55. According to the statistical data, R28 are spent on food. "These people will gain considerably from the price reform," said one of the experts

recently, "as the increase in food prices will not exceed R35 and they will be paid R60 in compensation. That is a gain of R25..."

It was upsetting to listen to such arguments. People who spend R25 a month on foods are simply starving today. According to the estimates, one needs some R115 to R120 a month, after the price increase, to maintain a minimum acceptable diet level (on condition that the food is available in the stores). But these miserable people will not be able to eke out R70 or R80 for food (even with the compensation). Does this mean they have to continue to starve? We cannot accept this.

For this reason, I think, we cannot do without special mechanisms of all-Union, republic, and municipal support and social protection for those who are in a critical situation. Our society cannot turn away from them, nor does it have the right to do so. Such mechanisms and

principles of directed social policies should be properly determined in the legislation on the minimum consumer budget. It is of extreme importance to calculate correctly the level of the minimum standard of living.

I think the Union government should start thinking already about where to find the means that will allow it, if it becomes necessary, to provide preferential or free subventions to Union or autonomous republics so that they could help people living below the poverty line.

As far as I know, the documents on the minimum consumer budget should have been ready last year; then a decision made last December would have become effective 1 January of this year. As you can see, this work is taking longer. However, it is impossible to prolong it any further. The decision has to be made as soon as possible. The delay may become too costly otherwise.



## ENERGY COMPLEX ORGANIZATION

### Measures to Resolve USSR's Energy 'Crisis' Discussed

914E0061A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 4, Jan 91 p 7

[Article by V. Bushuyev, USSR People's Deputy, doctor of engineering sciences, and professor; V. Savin, head of the Power and Electrification Section of USSR Gosplan; and G. Kutovoy, deputy head of the Power and Electrification Section of USSR Gosplan, and candidate of engineering sciences: "The Budget's Power-Engineering Shortcomings"]

#### [Text] A current survey.

With our power-engineering riches, today we can find ourselves in a deep power-engineering crisis, and all the economic and social programs can turn out to be just another paper version of our good intentions.

It is true, it can be said, that they want us to be cowed again by still another deficit.

The USSR is the world's second power-engineering power, after the U.S. The total capacity of our country's power stations is more than 340 million kW, on the basis of which 1,740 billion kWh of electricity will be generated this year—1,327 billion at thermal power stations, 215 billion at nuclear stations, and 225 billion at hydropower stations. More than 5,723 kilometers of power line have been built and are in operation, including superhigh-voltage class 1,150-kV AC LEP's [overhead power lines]. The country's Unified Power System has been created. And this is indeed an achievement for our society. What are the causes of the worry, why do some people speak about a power crisis?

There are many causes for this, but the two main ones must be named. The first is the wasteful method of using energy resources in the national economy, which engenders unchecked demand. The USSR lags 1.4-fold to 2-fold behind the U.S., Japan, Great Britain, and the FRG in the energy-intensiveness indicator. The increase in consumption of electricity is not being accompanied by more efficient use of it, which in our country is assessed as being 1.32 percent of the growth in production output achieved for each 1 percent increase in electrical consumption, but it is 2 percent in Japan and 2.22 percent in the U.S.

The energy-intensiveness of national income also testifies that the country consumes 2.6-fold more fuel and power resources than Japan and 1.27 more than the U.S.

The second cause is the sharp reduction in the introduction into operation of power capacity at electric-power stations and the negative attitude of the public, society,

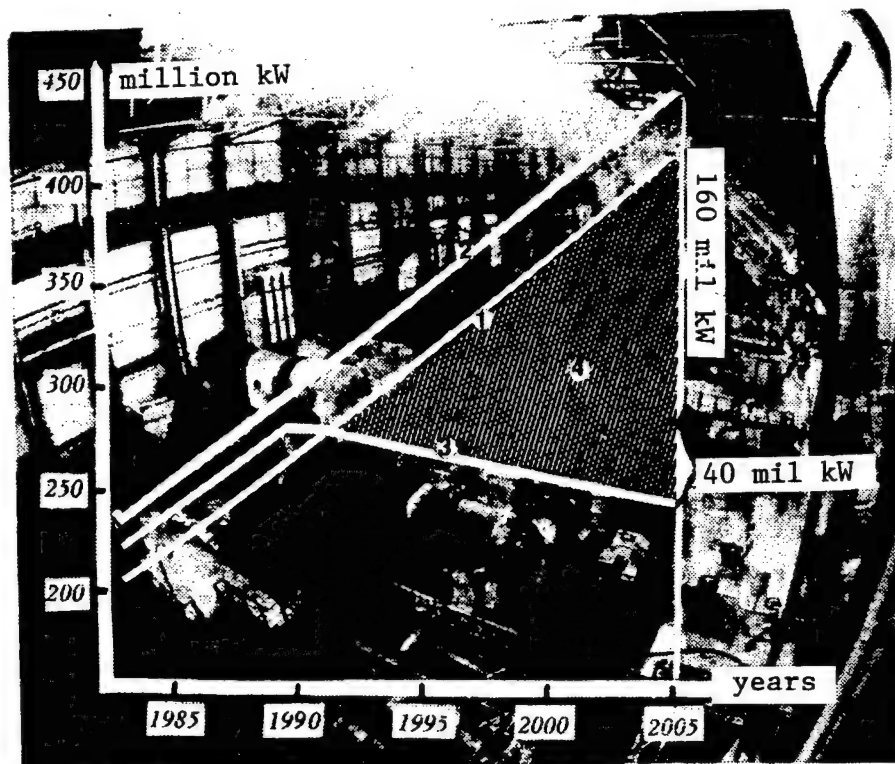
and local soviets toward the construction of power-engineering facilities because of the ecological problems that have accumulated. Today, as a result of the protests of the local populace, survey, design and construction and installing operations have been shut down at power-station sites of various types whose total capacity is about 160 million kW. Because of the inadequate introduction of new capacity into operation, we have been forced to retain old facilities that total 40 million kW of capacity; they have exhausted their service life, have low engineering-economics indicators, and do not meet modern ecological requirements. Practically everywhere a shortage of power capacity can be felt, and restrictions on industrial consumption of electricity will have to be introduced, which, in turn, will adversely affect the production of commodities (see figure 1).

One can understand the protests against thermal electric-power and hydroelectric-power stations. But let us answer this question: can modern civilization be developed without infringing upon natural resources—the water, the land, the air, and minerals? Every man with common sense answers this question in the negative. Indeed, one cannot even build housing without harming the environment in some way or another, or without building a power station. That means there is another way out—the search for ways and methods for blending into the natural system by causing the least harm to nature.

Both of the indicated causes of our dead-end predicament must be solved simultaneously in both the economic and in the organizational areas.

The root of the problem, it seems to us, is the artificial cheapness of fuel and power resources, which relieves consumers of any special concern about economical use of them. The state, which has borne the burden of worrying about the country's power supply, each year subsidizes from the state budget the development of power engineering in ever-increasing amounts. A vicious circle has been created: no one is motivated to save "inexpensive" electricity, and the state finances, through taxes, ever newer and newer power-engineering construction. Electric-power engineering is quite expensive. And each customer should know this, not from a newspaper article but through the rates for electricity, for only then will he consider its costs.

Thus, while R24.1 billion rubles of capital investment from all sources were required in 1976-1980 for financing the development of power engineering (industrial construction), during the last five-year plan more than R36 billion were spent, versus the R46.3 billion under the five-year plan, to support a normal balanced electric-power supply for the national economy. The power supply felt sharply the shortage of about R10 billion. And, according to preliminary estimates, a minimum of R55 billion is required in 1991-1995 to make up for what was missed during the current five-year plan and to support the normal level of reliability of the national economy's power supply by the end of 1995.



**Figure 1. Graphic Representation of a Possible Scenario for Developing Electric-Power Engineering for the Period of the Year 2005, Where Power-Engineering Construction Projects at Electric-Power Stations with a Total Capacity of 160 Million kW Have Been Stopped and Obsolete Power-Engineering Equipment with a Total Capacity of 40 Million kW Has Been Dismantled**

**Key:**

1. Forecast of maximal electrical load of the country's power systems, taking into account possible levels of savings of electricity.
2. The necessary available capacity of electric-power stations, given the standard 13-percent reserve of capacity in accordance with the reliability requirements of a power supply for customers.
3. Probable amount of the country's total available power-station capacity if the ban on the construction of power stations with a total capacity of 160 million kW is not lifted and 40 million kW of aging equipment are to be dismantled.
4. The zone of restrictions of consumption of electricity, which will be up to 46 percent of the needed amount, has been hatched.

\*Actually available electric-power station capacity.

And if it is decided to solve current power-engineering problems in the traditional style, then the task appears to be unsolvable, since there simply will not be such money in the budget. This means that the way out must be sought in the area of new economic relationships. The branch must be converted to self-paying and self-financing, making it a

branch that is profitable for the state and not a burden on the taxpayers (see figure 2). A normal average cost per kilowatt-hour must be established, with a reasonable differential rate by region of the country and electrical-consumption conditions and with regional administrative bodies being given the right to revise the rates.



Figure 2. A Simplified Scheme for the Economic Ties of Electric-Power Engineering and Power Customers with the State Budget

Key:

1. The state budget.
2. The consumption fund.
3. The accumulation (or savings) fund.
4. Taxes.
5. Financing of new capital construction.
6. Industrial and other consumers of energy.
7. Payment for power in accordance with the rates.
8. Electric-power engineering.
9. Power supply.

It is proposed that new capital construction of power-engineering facilities be financed by raising rates for electricity and heat, which would dispense with the corresponding subsidy from the state, and by reducing by that amount the taxes on power consumers in the form of tax advantages in order to stimulate energy savings.

What kind of rates are we talking about? Calculations indicate that the average rate for electricity should be increased from 1.8 kopecks/kWh at present to about 4 kopecks/kWh beginning in 1991, that is, 2.45-fold. Is this a lot or a little? In looking at how to approach this problem: from the standpoint of the individual enterprise, it is a lot. But the enterprise will be motivated to reduce material expenditures for its production activity in every possible way. And if this matter is approached from the standpoint of overall economic interest, then this will mandatorily lead to a reduction in the energy-intensiveness of national income and to a reduction of the harmful effect on the environment, and it will ease the burden on the state-budget deficit from increased expenditures on capital construction.

This proposal can be compared with economic practice in the U.S. According to the data of VNIKTEP [All-Union Scientific-Research Institute for Comprehensive Fuel and Power Problems under USSR Gosplan], the cost per kilowatt-hour in the U.S. is about 1.6-fold more expensive than in our country. That is, our average rate for electricity (in comparable prices) should be about 2.7 kopecks/kWh, and the proposed rate may appear to be overestimated. But this is only at first glance. For under our circumstances, new power-engineering construction is needed not only in order to support the rate of growth of electrical consumption but also in order to replace obsolete equipment that has accumulated, as well as to create a needed reserve capacity for the power systems, which at present is no more than 3-5 percent, while the standard is 13 percent (in the U.S. the reserve is more than 20 percent).

Moreover, an expensive program of ecological measures is to be carried out at existing power stations. A consideration of all factors leads to the conclusion that the rate of 4 kopecks is the minimum payment that will permit

power engineering to undertake the process of a gradual extrication from the difficult situation that has been created.

Thus the policy presented by USSR Goskomtsen [State Committee for Prices], which approved an increase in the average rate for electricity of 2.6 kopecks/kWh, with the right of USSR Minenergo [Ministry of Power and Electrification] to raise the rate up to 15 percent for unprofitable power-generating associations, is completely necessary but it is inadequate. Such a half-measure will not enable the rate to be converted into an active stimulus to save electricity and will not solve the problem of self-financing for the branch. Again, a subsidy from the state budget will be required, again it will not be enough, and the branch will convert to an insurmountable limitation of all our social and economic programs.

### Armenian Energy Crisis Viewed

914E0067A Yerevan GOLOS ARMENII in Russian  
8 Feb 91 p 1

[Interview with S. Akopyan, head engineer of Armglavenergo, by correspondent I. Karapetyan: "How Can We Get Through the Winter Without Heat or Light?"]

[Text] The conversation with the head engineer of Armglavenergo, S. Akopyan, which had been arranged beforehand did not begin immediately: the ringing of the telephones on the side table did not stop long enough. It was the hour of the peak load in the network and Spartak Gurgenevich could barely manage to switch from one line to the next—he was making demands, giving explanations, and making clarifications. On his note pad remained fragments of notes from his tense negotiations: "Do not touch ErTETs, there is not enough fuel there anyway," "Cut off the power to the enterprises," "What is the news from Norashen or Akstafa?"

Even from these few phrases one can understand what a serious situation had developed in our republic with respect to the power supply after the shutdown of the reactors of the Armenian Nuclear Power Plant and because of the unending blockades by Azerbaijan. And it was also experiencing the "blows of fate," especially during this severe winter. What measures are being taken in the present crisis situation?—this was the first question asked by GOLOS ARMENII correspondent I. Karapetyan.

[Akopyan] The power shortage as of today amounts to 550 megawatts, and taking into account the normative reserve of electric energy as well—more than 1 billion kilowatt-hours! How are we getting by? According to the schedule developed by the republic Council of Ministers, all industry on its territory, regardless of departmental jurisdiction, has been switched over to special conditions. The essence of them is that the level of power consumption has been reduced by 15-20 percent, the enterprises' days off have been rescheduled (shifted), street lighting has been reduced by half, and repair of

energy-intensive productions has been postponed to the fall and winter season. There are also other restrictions in this area. Thus we have coordinated the schedule for turning off power for the communal and household load in all cities and rayons of Armenia. And now industrial enterprises have been shut down altogether for a couple of days.

[Karapetyan] And what about power diverted here from outside?

[Akopyan] There is no place from which to divert power, since Georgia and the Northern Caucasus are also regions with "short supply," and the situation is even worse in Georgia than it is in our republic.

[Karapetyan] Moreover, as we know, there are many other problems as well. For example, fuel...

[Akopyan] That is one of the major ones: both gas and fuel oil—it is all shipped in. Stoppages in rail transportation have an effect on the energy supply. The republic regularly receives considerably less gas than its quota, and this causes special harm to energy production. As of today Armenia is failing to obtain a considerable share of the planned volume, and three-fourths of it is supposed to come to our branch.

These are not the only difficulties. We are having a great deal of difficulty because of the shortage of chemical reagents, mainly caustic soda. We used to get it from the Nairit NPO [scientific production association], but now the new supplier, the Volgograd Kaustik PO [production association], is also letting us down. Nairit should begin a partial production of caustic soda. But this will provide neither a rescue nor a solution. In my view, in order for the republic to be able to provide itself with important raw material, the NPO must start up full production. And immediately!

[Karapetyan] At the end of last year in Moscow there was a congress of the country's energy engineers. Recognizing all the importance of more rapid rates of development of the branch, as well as the present grave situation in it, which is aggravated by the onset of winter, I would like to know which issues were the first to be raised at this forum.

[Akopyan] The chief of Armglavenergo Feliks Khachaturovich Akopdzhanyan also participated in its work. Many of the problems of the branch were subjects of serious conversation there. The main ones were the prospects for the development of energy engineering in the country and the regions, the priority of deliveries of resources, energy equipment, and spare parts for it, and, of course, the socioeconomic position of the branch's workers.

[Karapetyan] Specifically, what solution do specialists—in this case, you—envision for the present energy crisis in the republic?

[Akopyan] We have a program of development, the first stage of which should be to cover the existing deficit in

capacities as a result of forced expansion of the construction of the Razdanskaya GRES [state regional electric power station] with the introduction of power unit No. 1 in 1992 and power unit No. 2 in 1993. There is also to be complete reconstruction of Yerevan GES [hydroelectric power station], reprofiling of the AES [nuclear power plant], and forced development of small-scale and non-traditional power engineering.

Implementing the aforementioned program before 1995 will take more than three billion rubles of capital investments in the development of all aspects of power engineering in the republic! Where will we get the money?

There is another circumstance of no small importance that I cannot fail to mention. At the present time the socioeconomic situation of power engineers in the republic, as throughout the Union, is simply disastrous. As a result, we are losing personnel. Just take, for example, such an anachronism as the price of one kilowatt-hour: it has not changed for several decades. Even though the prices of fuel, materials, and equipment have increased appreciably... Losses of personnel lead to catastrophic consequences and require immediate measures from bringing the cost of a kilowatt-hour and the wages of energy workers into line with one another.

Our difficulties are also exacerbated by the fact that the population of the disaster zone do not pay anywhere near enough for the energy they use. Their indebtedness amounts to several million rubles!

We have done a good deal in the zone to restore the destroyed energy facilities. In 1989, the majority of the subdivisions of the USSR Ministry of Power and Electrification along with the Armenergo PO participated extensively in the work. Last year the participation of outside organizations decreased sharply—because of the deterioration of material and technical supply. As of today the energy facilities in this zone have basically been restored and there are volumes of work that have not been done, as was already noted, because of the poor material support and the shortage of contract labor and technical equipment.

[Karapetyan] In spite of the concern you expressed about the undesirable change in the composition of specialists in the branch, many workers who are devoted to their profession are staying in their jobs. Today their labor can be compared with self-denial.

[Akopyan] This is indeed true. I shall cite just one case. With this shortage in the energy supply a generator of unit No. 7 (150 megawatts) of the Yerevan TETs was damaged. Specialists from the manufacturing plant, the Leningrad Elektrosila, and the leading repair organizations of the USSR Ministry of Power and Electrification were immediately called in. All of them recognized that it was impossible to repair the generator at the TETs itself and the organization for repair under plant conditions would have dragged the job out for several years because of the lack of the necessary lifting devices at the station.

What could they do? A solution was found. Through the efforts of the Armenergo repair enterprise and the Yerevan TETs under the leadership of the plant section chief Tsolak Galstyan, they developed and manufactured a special system of fittings and technology. Thanks to them, the regenerative treatment of the steel parts of the generator was completed, and in the second stage the generator was completely rewound with the help of Uralenergoremont.

## FUELS

### Tyumen Oil Workers Discontented Over Poor Living Conditions

914E0064A Moscow IZVESTIYA in Russian 6 Mar 91  
Union Edition p 2

[Article by IZVESTIYA correspondent Yu. Perepletkin, Tyumen: "A Shaky Equilibrium—When Will the Oil-and-Gas Complex Get Better?"]

[Text] *The people of Tyumen have been following the long conflict between the miners and the government with mixed feelings. No one doubts the fairness of the demands of the representatives of this honored and needed profession, almost the most difficult there is. But nonetheless, nonetheless... During the days when a newspaper blizzard swirled around the mine strikes, when high-ranking men of state were visiting virtually every day in search of a way out, flying out to the site to meet with the strike leaders—it was right in those days that the oil and gas workers of Tyumen were working almost at the limit.*

Much has been said correctly in the press on the serious consequences for the country in the event of a failure to meet the conditions advanced by the miners. I do not want to compare and contrast the significance of these two mighty segments of the working class in any way, but for some reason few have thought about what the consequences will be if the West Siberian complex were to stir in discontent, if the hands of the oil workers reach for the valves. The issue then is not just the fuel that gives light, heat and power—it then becomes much more complicated. The refining plants would go then silent by the laws of chain reaction, and that means there would be no gasoline or kerosene, motor vehicles and planes would come to a halt, the output of many synthetic materials would cease, and this would knock a whole series of sectors and enterprises out of their normal rhythm...

The oil workers were moreover literally provoked to strike. Yes, they also do not have enough meat and apartments, their wages and the economic situation in the sector have not been straightened out. It is vexing when you, on the one hand, are the principal creator of the store of hard currency for the state, while on the other the raw material you extract from the bowels of the earth at great labor is valued, despite all world standards, ludicrously cheaply. But the main thing is that they have simply not let the Tyumen workers work for some time. They passed a hundred-percent state order along to



them, and it was simply impossible to fulfill it, since everything essential to the production of oil—pipe, machine tools, vehicles, materials—was coming into the oblast almost by the spoonful. Oil does not come from two planned wells if there is only enough pipe for one!

Tyumen welcomed M.S. Gorbachev with excitement and hope about five and a half years ago. Visiting the fields and becoming acquainted with the living and working conditions of the northerners, Mikhail Sergeyevich said at the time that "It must be constantly kept in mind that the successes of the oil and gas workers of Tyumen reinforce the might of the country and quicken its pace, and the failures, on the contrary, weaken the economy and slow its movement. Such is the price of your work, dear comrades!"

All the problems were studied and analyzed once more after the visit. Proposals were submitted, measures were drawn up and the appropriate ministries, agencies and senior officials were given targets. It seemed for a while that the attention toward the oil-and-gas complex would now become permanent. But that did not happen.

The oblast at that time entered a period of extraordinary occurrences. The members of the buro of the party obkom went into retirement *en masse*. The new and democratically elected soviet of people's deputies was forced to take on the entire responsibility for the state of affairs. Yu. Shafranik—the former general director of one of the oil-and-gas associations, that is, a person who knew the problems of the sector "from the inside"—became chairman of the soviet. And yet another stage in the fight to save the fuel-and-power base began.

Just what were they able to achieve? Quite a bit, it looks like. In March of last year, then-Premier N. Ryzhkov assembled a broad circle of those who are affiliated with the development of the sector. Categorical instructions followed to develop the most exhaustive measures, as well as to adopt those measures, within a very brief time period (10 days). In a month, another meeting. The agenda: what has been done? The measures that had been adopted, as became clear, were of no particular use. Destructive trends were gaining force. Specialists went out from many of the republics and sectors that had concluded contracts at one time for the infrastructure development of the Tyumen north. The cutback in financing froze no few important facilities, and whole labor collectives proved to have nothing to do. The supply of pipe, machinery and materials for the oblast grew steadily worse. The suppliers refused to meet their own obligations...

The endless dialogue of the Tyumen oil workers with the all-union government grew quieter and louder by turns. The chairman of the regional conflict commission, I. Gubenko, visiting Moscow offices repeatedly, tried to prove to them the serious and well-founded nature of the demands of the northerners. The discussion concerned the economic independence of enterprises, the cancellation of the suffocating state order for all the oil produced,

guaranteed deliveries of equipment (which had, by the way, gotten 2-3 times more expensive) and rudimentary improvements in the lives of the people. Half-measures and partial, temporary indulgences were most often the answer.

The labor-collective council of the Nizhnevartovskneftegaz [Nizhnevartovsk Oil and Gas] Association—the largest in the sector—decided last summer to reduce the feed of oil to the trunk pipelines by 10 percent for several days. The direct threat of hunger was one of the reasons that forced them to take this step. Nizhnevartovsk had been undersupplied with thousands of tons of meat allocations since the start of the year.

This act had a great impact. Many emergency meetings and coordinations took place, as the result of which the oil workers were permitted to sell a portion of their raw materials abroad and obtain meat for the money received.

People were calmed for a time, and the equilibrium was restored.

The situation grew more acute once again, however, in the fall. This time the "disturbers of the peace" were the managers in the middle echelons—the shop foremen, work superintendents and field chiefs. The fines for the innumerable oil spills landed directly on them. Since the majority of the pipelines on the fields had long since passed their engineering service lives and were in need of replacement, these people had only two ways out—continue operations and wait to be fined for the next unavoidable accident, or shut down the field completely. The top specialists, finding themselves between the hammer and the anvil, simply began to quit and go to the cooperatives.

Representatives of the middle managers, headed by V. Lipov from Nizhnevartovsk, demanded that this be addressed—after all, personnel were leaving the most crucial link in the technological chain of oil production. The emissaries from the North also visited the Tyumen press center and the editorial board at IZVESTIYA in Moscow itself. The main purpose of their visit to the capital was to meet the "captains" of the industry.

Meetings were held. And some sort of compromise was found for the umpteenth time. The ministry promised to "shake loose" some additional pipe, to buy insulating tape abroad, and to replace especially dangerous sections of the gathering networks right away. And the situation was seemingly normalized once again, stability was gained, and the temporary measures kept it from staggering toward a strike.

The government, by the way, had imposed a ban on strikes in the fuel sectors, as is well known. There is also, on the other hand, a provision forbidding the operation of poor-quality oil pipelines. Had it occurred to the Nizhnevartovsk people to observe these requirements strictly and close down unsuitable pipe, the whole producing region would have been paralyzed at once. The

country would have been short tens of millions of tons of raw materials in a short time.

But passions were cooled. The more so as Nizhnevartovskneftegaz was permitted to divert an additional 200,000 tons of oil abroad. The 40 million dollars they received was used in barter deals to procure foodstuffs and consumer goods for the collective. Two hundred thousand pairs of shoes, a great deal of knitwear, rugs, electrical appliances, thousands of sewing machines, as many video systems, as many different sets of furniture...

I remind you that all of this was only for the oil workers of Nizhnevartovsk. The leaders of associations in other cities began receiving "goods" for analogous deals as well.

"This kind of bartering brings only harm!" categorically assert L. Roketskiy, chairman of the oblast ispolkom. "It corrupts the collectives of oil workers and makes the population bitter."

A colossal collapse in oil production marked the last year—the "minus" totaled about 30 million tons! The oblast was undersupplied with an enormous amount of housing and social and cultural facilities. Geological prospecting operations were cut back. The approach of a crisis in the power/worker ratio became real.

The representatives of soviet, party, trade-union and economic bodies, gathering together, decided that they must appeal directly to the president of the USSR. They could not wait any more, and there was nowhere to retreat. The harsh and quite shameful necessity of importing oil from abroad was in the foreseeable future. The collapse of the fuel-and-power complex in West Siberia would lead to unavoidable catastrophe for the whole national economy. "We urgently propose that you, Mikhail Sergeyevich, in conjunction with the interested state bodies of the Union, republics and representatives of Tyumen Oblast and the autonomous okrugs that are part of it, discuss the situation as soon as possible and determine concrete measures to get out of the crisis..."

While this appeal was being discussed and accepted, a brochure was making the rounds among the rank-and-file with the speech of M.S. Gorbachev quoted above, delivered in the very same auditorium. It said that "We have come to these regions in earnest and for all time. This means that the appropriate conditions should be created for the people. A slackening of concern for the person will inevitably lead to great losses..."

Those assembled felt that the president probably remembered his own words and would not fail to address the appeal the Siberians, which could be called a *cri du coeur*.

The Tyumen people were not mistaken. As was reported in all the mass media, an expanded session of the Cabinet of Ministers chaired by the president of the country, where the problems of the oil and gas industry were considered in most detailed fashion, was held on January 28.

Both immediate and long-term tasks were delineated. Plans were composed, deadlines determined, responsible individuals designated.

What comes next? Has not a new round of the old story begun? I asked the chairman of the oblast soviet, Yu. Shafranik, who had been present at the session of the Cabinet of Ministers and had even spoken there, to comment.

"Yuriy Konstantinovich, a month has gone by since then. And after all, a week's time had been designated for the removal of the paramount issues..."

"A few days before, while in Moscow, I took a special interest in how the most urgent problems were being resolved—financing, material and technical supply, the provision of the oblast with foodstuffs and a number of other points. I was officially familiarized with documents testifying that matters are not at a standstill. But, unfortunately, they are moving along at a very unhurried pace. February has now come to an end, we have almost passed the winter, and the grounds for joy are rather few."

So that's it. Time passes, and the issues remain.

**Industrial TU Appeal on Miners' Strike Damage**  
*914F0164A Moscow TRUD in Russian 13 Mar 91 p 1*

[Appeal by industry trade unions to the USSR Cabinet of Ministers, the Council of the General Confederation of USSR Trade Unions, and miners' collectives: "Who Needs New Shocks?"]

[Text] The Central Committees and federations of the trade unions of mining and metallurgy, machine building, defense, wood, and chemical industries, and of the power trade union have appealed to the USSR Government, the Council of the General Confederation of USSR Trade Unions, and mining collectives of the country. They expressed their extreme alarm and concern regarding the abrupt deterioration of the position of labor collectives in the industries, which was most difficult to begin with, in conjunction with the miners' strikes in a number of regions of the country.

Acute shortages of coal, primarily for coke-chemistry products, are bringing about a paralysis of metallurgy, which is the foundation of all industry, in particular, the metal-working industry. Sections and entire shops are shutting down. Hundreds of thousands of workers are being deprived of their earnings, their sole source of support.

Given the forthcoming price increases and the current high cost of living, this puts the families of workers and clerical employees in a most difficult financial situation. Protracted stoppages, and therefore a gradual destruction of production, especially that operating in a continuous mode, are a threat to the future of entire collectives. The appeal goes on to say that it is already clear that a paralysis of metallurgy and metal working and a reduced supply of electricity will unavoidably bring about a decline in the overall output in industry and in the countryside. Our economy has no safety margin. It will not withstand still new shocks.

While the authors of the appeal appreciate how difficult the living and working conditions of the miners are, they state that at present strikes objectively destroy the national economy and create a critical situation for partner enterprises. The situation is in need of a prompt and efficient resolution.

The appeal goes on to say: We demand that the USSR Cabinet of Ministers begin negotiations immediately with the trade union of coal industry workers with a view to looking for mutually acceptable solutions to problems at the negotiating table, taking into account the interests of the workers of other industries. It is necessary to set up a reconciliation commission of the General Confederation of USSR Trade Unions and the USSR Cabinet of Ministers immediately to consider promptly and systematically the grave situations existing or developing in the basic industries of the national economy.

The industry trade unions called on the striking collectives to take a sober and responsible look at the situation

in the country and to begin a dialogue with the government, with the participation of the trade union of coal miners, and without disrupting the badly needed deliveries of coal. The economy means our jobs, our sustenance, and the warmth of our home hearths. At present, politicians make more use of the results of strikes than workers do. Let us be mindful of that, the appeal says.

**RSFSR Separate Pension Law Introduced**

**Citizens' Queries Answered**

*914F0162A Moscow SELSKAYA ZHIZN in Russian 5 Mar 91 p 4*

[Responses to citizens' queries by K. Podgornaya, head of the Legal Coordination Department of the Russian Social Security Ministry: "Pensions According to the New Law"]

[Text] "The misfortune I have: my husband, a Group 3 invalid, died. He was getting a small disability pension—31 rubles (R). But how big a burial subsidy are they going to pay me?"—A. P. Frolova, Ryazanskaya Oblast.

Let me express my sincere condolences, Anna Pavlovna, and respond to your question. As it says in article 116 of the law "On pension guarantees for citizens in the USSR," in the event of a pensioner's death, his family is paid a burial subsidy amounting to two months' pension. This rule has been in effect since 1 January 1991.

Since that time a resolution of the USSR Council of Ministers and the AUCCTU [All-Union Central Council of Trade Unions] has gone into effect, No 600, dated 26 June 1990, according to which the state social insurance burial subsidy is set at R100.

This means that the burial subsidy for a pensioner who died after 1 January 1991 is two months' pension, but no less than R100 a month. Therefore, Anna Pavlovna, you should be paid R100.

"You've already talked about pension benefits for those who were forcibly transported from the USSR to Germany and other countries during the war years. But how can you confirm the fact of having been on the territory of Germany? I went to the Lebedinsky Rayon Military Commissariat, but they weren't able to help me there at all. What else could I try?"—I. M. Nikolenko, Sumskaya Oblast.

Time spent by persons forcibly transported from temporarily occupied territory of the USSR to the territory of states at war with the USSR, and the stay of prisoners, including children, in fascist concentration camps, ghettos, and other places of incarceration during World War II can be confirmed by any documents of the time that contain the necessary information.

If such documents are lacking, then certificates issued by archival institutions and by the organs of state security or internal affairs concerning the place of arrival of the indicated persons to the USSR can be accepted, as can

those of the Missing Persons Administration for Soviet and foreign citizens of the Executive Committee of the Union of Red Cross Societies and the Soviet Red Crescent.

Note: an advice column in our newspaper from 23 October 1990 says that the above-mentioned facts cannot be confirmed by witness testimonies. Now the procedure has been changed. In those instances when no documents have been preserved that could confirm, say, the fact of having been in a concentration camp (or any other place cited above), the testimonies of one or more witnesses possessing the required documents can be taken into account.

Also necessary is a certificate from the organs of state security to the effect that the citizen did not commit a crime against the Homeland during that period.

*"I cared for my gravely ill children (I have two) until they turned four years old. Then I was forced to put them in a home for invalids. Do those years count towards my length of employment?"—K. L. Rumyantseva, Ivanovskaya Oblast.*

Article 67 of the Law allows you to count towards length of employment any time spent caring for a child invalid up to the age of 16 years. By this it means the time spent in actual care (in the situation set forth by you—until the children were put into a home).

#### Pension Board Chairman Interviewed

914F0162B Moscow SELSKAYA ZHIZN in Russian  
8 Mar 91 p 3

[Interview with A. V. Kurtin, chairman of the board of the RSFSR Pension Fund, by Yu. Volokhov, under the rubric "Topical Interview": "Russia's Pension Fund"]

[Text] The first of March has come and with it calls have been coming into our editorial offices from the kolkhozes and sovkhoses. The question is always the same: Which pension fund should payments be made to, the union's or the republic's? Indeed, as of 1 March Russia's "own" pension law has gone into effect on the territory of Russia. Keeping in mind the delicacy of the situation, our correspondent met with the chairman of the board of the RSFSR Pension Fund, A. V. Kurtin.

[SELSKAYA ZHIZN] Aleksandr Vladimirovich, the situation is indeed unclear. Two laws, two pension funds. Persistent rumors are going around to the effect that a draft presidential decree has been prepared suspending the law "On state pensions in the RSFSR," at which point, presumably, everything will fall into place.

[Kurtin] I know nothing about a draft for such an edict personally. The Russian law should go into effect at the appointed time—such is the will of the republic's Supreme Soviet. And also because millions of citizens are waiting for it impatiently, above all those on low incomes. For them the RSFSR law is preferable to the union's.

[SELSKAYA ZHIZN] In what way?

[Kurtin] Just compare both laws' standards. For instance, the USSR law establishes the minimum pension by age at 100 percent of the minimum wage (at the present time, 70 rubles [R] and the RSFSR law at the level of the subsistence minimum (no less than R100 a month). Moreover, depending on length of employment, the minimum can be from R100 to R120.

[SELSKAYA ZHIZN] The union law also has definite merits and advantages.

[Kurtin] I agree. But note: the standards of the USSR law they have in mind here will go into effect only as of 1 January 1992. By that time, I'm convinced, all the resolutions of the RSFSR law, which worsen the pension security of citizens in comparison with the union law, will have been amended accordingly. And the advantages will remain.

[SELSKAYA ZHIZN] According to the Russian law, one must assume, pensions will be assigned on condition that insurance payments have been made to the RSFSR Pension Fund.

[Kurtin] Naturally. Herein lies the essence of the question. The leaders of the USSR Pension Fund usually keep quiet about the fact that according to the union law pensions are going to be paid in only ten republics. In doing so they are counting on the fact that Russian payers are also going to assign funds to their account.

[SELSKAYA ZHIZN] But what's the sense of that?

[Kurtin] The sum of insurances payments for Russia significantly exceeds the volume of funds necessary for implementing the RSFSR law on state pensions. The remaining funds are redistributed.

[SELSKAYA ZHIZN] That's how it works out, evidently, the reason being that in Russia the proportion of enterprises at the expense of whose payments the basic Pension Fund is formed is higher. But other republics are not to blame for winding up in a less profitable position.

[Kurtin] That's true. But Russia is not refusing to help the republics. The RSFSR Pension Fund, as is written in its Temporary resolution, provides, in particular, for participation in financing union, interrepublic, and regional social security programs. But the republic will do this independently, on the basis of contracted economic agreements, without the intermediary of the USSR Pension Fund.

[SELSKAYA ZHIZN] Judging by everything, in the present confusion, payments are not being made in full to your fund. Can you guarantee the payment of pensions as of 1 March?

[Kurtin] Yes. The fund received corresponding credit at the bank. By the way, the RSFSR Pension Fund is an independent credit and finance institution, functioning in accordance with the law "On banks and banking

activity in the RSFSR." I'll remind you once more: in 1991 all enterprises and organizations located on the territory of Russia, regardless of their form of property or subordination, make insurance payments to the RSFSR Pension Fund (Account 807) in the amount of 20.6 percent of wages paid. Citizens employed in individual labor activity, including farmers, pay 5 percent of their income; working citizens, 1 percent of their salary.

[SELSKAYA ZHIZN] Thank you for our chat.

### **Komsomol Official Describes Youth Unemployment**

914F0158A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 5 Mar 91 p 2

[Article by Ya. Chudrov, chairman of the Commission for Problems of Working Young People of the All-Union Leninist Communist Youth League Central Committee: "Should They Live on Credit or Should They Not?"]

[Text] Projections of the social consequences of introducing a market economy for young people appear particularly unfavorable.

Uneven distribution of production facilities and varying demographic circumstances in individual regions of our country have already brought about the unemployment of young people. We expect the number of young unemployed to exceed two million this year.

The VLKSM [All-Union Leninist Communist Youth League] Central Committee favors creating a system of social guarantees primarily for this category. Measures to introduce a system of unemployment benefits are necessary right now; this has been done in Poland, and has been the case for a long time in Western countries. We have not only demanded this but have taken specific steps in this direction ourselves: together with a number of youth enterprises and the USSR Goskomtrud [State Committee for Labor and Social Problems], the VLKSM Central Committee has created the Youth Employment Society "Labor Exchange." With necessary licenses and support available to it, the Youth Employment Society has established close contacts with state and public structures of government and economic associations. The accumulation of a data bank on the availability of vacant jobs has begun.

Development of average- and small-size enterprises, which is what most youth enterprises, NTTM [Scientific and Technical Activities for Young People], youth funds, MZhK's [Youth Housing Complexes], and so on actually are at present, is becoming one of the key issues of ensuring the gainful employment of young people. Many of the above units are now being transformed into enterprises with various types of ownership.

In the last three years, there has been a lot of speculation regarding the economic operations of the Komsomol [All-Union Leninist Communist Youth League]. Komsomol attempts to secure preferences for the youth

economy have been used against the Komsomol itself. We have been accused of parasitic attitudes and greed. What have we accomplished? A system of entrepreneurship whose essence is unique is being born. By providing incentives for this system (which is the custom in world practice), the state may generate extra merchandise which is very necessary in an environment of universal shortages, and at the same time support young cadres who have been capable of displaying initiative and have truly benefited our society.

A lot depends on the position of the new government, which should take into account the specifics of developing innovative youth enterprises that are elements of a new market economy and should ensure a favorable economic environment for them.

I am convinced that we should allow young people to live on credit. We should create a system of long-term bank loans to our young citizens for acquiring residential housing and apartments, making down payments to the MZhK's, purchasing household effects, and for other purposes. We should introduce zero-interest bank loans to families with children. Loan amounts should be set on the basis of the subsistence minimum in a given territory, taking inflation into account.

Resolving a shortage of consumer goods that are necessary for young families and family businesses is another issue upon which the social health of young people hinges. It is necessary to set up special stocks of merchandise in order to ensure conditions for young people to begin and support family businesses. The sale of consumer goods from these stocks should be made by special state social services for aiding young families.

Guidelines for housing construction and for allocation of housing to the populace will change along with the development of market relations. The practice of building apartments "for sale" may restrict the access of young people to new housing still further.

Efforts made by the Komsomol with a view to resolving youth issues in the field of housing have mainly focused on developing the MZhK movement. More than 800 housing complexes in 117 cities have now been commissioned or are under construction. They account for about two percent of the overall volume of housing construction.

However, a more stringent state tax policy with regard to public organizations will call into doubt the feasibility of developing not only economically accountable operations but also social-sphere facilities in the MZhK microrayons, bring about a winding down of MZhK operations, and exacerbate the housing crisis affecting young people.

It is high time for the legislative and executive structures of power and healthy political forces to consider the future of our society in a fully responsible manner and to respond to proposals on resolving the issues of young people comprehensively.



## PRODUCTION

### Machine Building Plant director on Supply, Operation Problems

914A0458A Moscow SOVETSKAYA ROSSIYA  
in Russian 16 Feb 91 First Edition p 1

[Interview with V. Bondarev, director of the Alma-Ata Heavy Machine Building Plant, by SOVETSKAYA ROSSIYA special correspondent S. Skorokhodov: "I Am Asking for the Servitude of Discipline"]

[Text] The economy of the country is on the brink of collapse. This judgment has been made and proclaimed on the pages of newspapers and magazines by economists, scientists and practitioners. Hence our conversation with V. Bondarev, director of a heavy machine building plant, began with a statement of this very alarming fact.

The Alma-Ata Heavy Machine Building Plant (AZTM) is an enterprise which comes under Union jurisdiction. It produces rolled-metal equipment, which is supplied mostly to Russia. There is no steel mill in the RSFSR which would not know the AZTM brand. And for this reason the plant's problems are the problems of Russia's enterprises.

[Bondarev] Yes, the country's economy is on the brink of complete collapse. Take our plant: one of its largest shops—the iron foundry—has been brought to a standstill; there is no coke. Imagine, a plant with a capacity of 15,000 tons is standing idle, and 262 skilled metallurgists are not at their jobs today; they are doing unimportant auxiliary work. Without this shop's production it is impossible to manufacture or repair the equipment which the Western-Siberian, Nizhniy Tagil, Chelyabinsk, Magnitogorsk and New Lipetsk metallurgical combines are waiting for. Of course, we have appealed to them for help. Maybe they will understand better than the officials at the ministry do that without their coke there will be no equipment.

[Skorokhodov] Today there is no coke, tomorrow there will be something else missing, maybe rolled metal.

[Bondarev] It is simpler with rolled metal products: we supply the metallurgical workers—on the basis of direct contracts—with wire-drawing machines, machines that produce rolled-metal parts and tube-drawing equipment, while they supply us with metal. And as for the work of supplying missing parts, it is in a complete mess here. Latvia and Estonia, for example, have completely stopped their deliveries. Our workers are puzzled: why should they be obliged to supply output to these republics on the basis of contracts, while the people there want to spit on these contracts. After all, if you put a tourniquet around a body, you stop the flow of blood and the person is condemned to die. In exactly the same way the economy cannot be cut into parts.

And things would be all right if the problem were just with the Baltics. But the engines and gearboxes which are supplied by the Kharkov and Poltava plants, for example, have become very hard to get all of a sudden. The situation with regard to bearings from the Sverdlovsk State Bearing Plant Number 6 and the Kuybyshev State Bearing Plant Number 9 is catastrophic. In short, today it is difficult everywhere. You see, the departmental boundaries are provisional, and the territorial boundaries are a complete fiction—if only we had not come up with the idea of reducing the country to ruin.

[Skorokhodov] But why is the chaos in the economy developing at such a rapid rate?

[Bondarev] Above all because of the rapid decline in discipline. We are reveling in our newly found freedom, and we debate endlessly in a primitively simple way. There were no strikes before, but now they are permitted. Someone does not get enough work for some reason, but we are not held responsible. Last summer we had a situation in which the plant was ready to declare a strike. But they held the people back by showing that nothing would change as a result of it, that it would play into the hands of the politicians, but not the people of labor.

The plant has a good strong labor collective. When all kinds of pseudo-democratic movements were beginning to spring up in the city like mushrooms after a rain, the workers at the plant conference made a decision not to join any movements, to keep to themselves and work. I am sincerely grateful to the workers for this decision. There has been enough talk—order is necessary. What is the point in filling the air with slogans, why hurl abuse at one another? I repeat: discipline and order are needed.

[Skorokhodov] That is precisely the subject of the well-known Ukase of the President.

[Bondarev] This ukase, in my opinion, was too late. It came out at a time when mutual trust had already disappeared in the country. The worker does not trust the manager. The manager does not trust the agency. The agencies do not trust each other. One soviet does not trust another soviet, and one republic does not trust another republic.

We say, for example: there will be no price increases. But prices do increase. And how they increase! This all gives rise to a feeling of instability and uncertainty about tomorrow; it leads to apathy and makes people mistrust even those government initiatives which are sensible but which come too late.

Moreover, this ukase has some obvious weak spots, in my view. For example, the ukase demands that contracts be concluded in the volumes of last year's first quarter and, naturally, according to the same product lists. But what if today we need 25-kilowatt electric motors instead of the 10-kilowatt ones which we received last year? That

means that our suppliers must adapt to the fact that we are producing new, more powerful and productive machinery.

[Skorokhodov] So it turns out that you are against economic freedom?

[Bondarev] What kind of freedom is it if we, the producers, are tied hand and foot by shortages, deficits and the unaccountability of suppliers? What the devil kind of freedom is that? Give me quotas instead, enslave me with state orders.

How easily, how thoughtlessly we destroyed the old administrative structures without working out a mechanism for the gradual transition to free market relations; as a result, we have led the economy into anarchy. What kind of freedom is it when a plant or factory can neither buy raw materials or freely sell its output? We cannot completely finish the production process for a single piece of equipment as stipulated in the product list of this year's plan for equipment output. If we have, for example, the control unit, we do not have the bearing, if we have the bearing, we do not have the motor, if we have the motor, we do not have the gears for it. And so on endlessly. Today the plant has hundreds of thousands of rubles worth of unfinished goods; we are forced to try and talk our customers into taking what there is, into taking unfinished equipment. What a disgrace!

[Skorokhodov] The Alma-Ata Heavy Machine Building Plant is an enterprise which comes under Union jurisdiction. And what if the "war of sovereignties" leads to your release from the state grip?

[Bondarev] That is a political question, and I am not a politician. As the director of the plant, believe me, I do not care at all whose jurisdiction we come under. For me the main point is having genuine economic freedom, not the anarchic freedom we have now. Relations with the organs of power must be built solely on the basis of agreements, which demand from me one thing only—the payment of taxes. And how the city, oblast or republic spends these monies is absolutely all the same to me. Let them have the headaches over it.

[Skorokhodov] So you are for freedom or for the compulsory nature of contracts?

[Bondarev] One does not contradict the other. Without the discipline of contracts there cannot be contract freedom.

[Skorokhodov] What kind of plant do you envision for tomorrow?

[Bondarev] The future of the plant lies in the establishment of a joint-stock company. But with one absolute condition: one third of the shares must be handed over to the collective free of charge. That is, no less than one third. Otherwise we will not go for it. For example, I have no savings. Nor does my wife. Nor do most of our workers. But we absolutely must become the true masters of our enterprise.

## CIVIL AVIATION

**Aeroflot Problems, Safety Issues Highlighted**

914H0110A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 1 Feb 91 p 4

[Article By O. Karmaza: "More Takeoffs Than Landings"]

[Text] There is a scene like this in the well-known American film "Rain Man," which has already become a classic. The main hero, (Raymont), who has a serious mental disease, throws his brother into a fit of hysterics at the airport when he refuses to fly in the aircraft of various American airlines. Like a computer, he remembers how many accidents and disasters each of the airlines has had. The accidents were not so frequent, but they occurred, and hence they can take place again.

Poor (Raymont)! Imagine what he would be like if he were unexpectedly ordered to fly in an Aeroflot aircraft...

However, I have exaggerated a little bit here, it appears. And this is why. "According to ICAO (International Civil Aviation Organization) data, as of today Aeroflot is the most reliable and safe airline in the world."

In any event, this is what they told me over a year ago in the USSR Ministry of Civil Aviation. And this was the real truth. Judge for yourselves. One in three million Aeroflot passengers was a casualty. At the same time, the United States had two casualties among the same number of passengers, and other ICAO members—Britain, France, Belgium, Italy—had even more: three casualties.

This may appear paradoxical, but it is a fact, nevertheless. How can it be explained?

"I think we should be grateful for the pilots here," B. Ye. Panyukov, the minister of civil aviation, told KOMSOMOLSKAYA PRAVDA some time ago in an interview. "They are clearly 'the cause' of the minimum number of disasters and casualties. I see no other reason."

Well, it is entirely possible this is so. It is even probable that it is true. For it is only the crews, the pilots, that are holding Aeroflot up now. Nothing else counts. However, even their skill has its limits. Unfortunately, pilots still have not learned how to land aircraft when an engine has stopped and the landing gear is not down.

The number of aviation equipment failures only has to increase and the number of disasters and accidents will increase as well. It is common knowledge that there are no miracles, including in aviation. The sharp increase in accidents associated with the breakdown of engines, systems and assemblies, landing gear, and the like had to take place ultimately. And no has reported the defective items yet during maintenance or assembly.

According to data from the Gosavianadzor [State Aviation Safety Commission], because of the engine shortage,

up to 500 of them are changed from one aircraft to another each year. As a result, there has been a sharp increase in the probability of an in-flight failure because of defects caused during installation work.

Specialists have a pessimistic forecast for 1991. The curve of accidents and disasters will creep sharply upward. And there are practically no means of even slowing it down temporarily now. The new Il-96, Tu-204, Il-114, and other aircraft that have been advertised everywhere cannot be expected in the near future. The Il-114, which is needed badly for local air routes, will begin coming off the assembly line only at the beginning of 1993 (and that is possibly). It is not known at all when production of the Il-96 will begin (in any event, the date officially announced—the beginning of 1993—is in considerable doubt now). Although the Il-96, in the words of B. Ye. Panyukov himself, is already about 10 years out of date.

Now the Ministry of the Aviation Industry, or more precisely its KB [design bureau], has hastily begun arranging contacts with Western and American airlines. But the question arises: when will these contacts turn into specific and visible results?

We should be thinking now not so much about what will happen in 5 or 10 years (although this is important too, of course!), but what may happen in the next two or three years. Judging from everything, the Ministry of Civil Aviation has its own definite opinion on this, namely: let us wait, or more precisely, let us bide our time. Suddenly it will happen, as in 1989.

Alas, this will not be repeated. Not by any fortunate coincidence. Unless a number of urgent steps are taken now, the matter can have a sad ending. And chiefly for us, for the passengers.

One of these steps is to lease several dozen West European A-310 Airbuses or other aircraft of this class. Many specialists in the Ministry of Civil Aviation, the Ministry of the Aviation Industry, and the Gosavianadzor are now inclined toward this view. It is common knowledge that Aeroflot has already purchased five of these Airbuses. However, the categorical position of the Ministry of the Aviation Industry, which has been that it is better not to spend foreign exchange abroad, but to channel it into development of our own aircraft manufacturing base, has prevented further purchases.

The position is logical in many respects, of course, but it does not take the current state of affairs in Aeroflot into account at all. When it is already simply impossible to wait. The moment has been lost. And we need something, if only for a time, as a stopgap.

To all appearances, we will also have to purchase special diagnostic equipment (again because of the lack of similar domestic equipment) to analyze the various systems and assemblies to prevent their failure and breakdown in flight. Incidentally, this purchase proposal

was sent to the Ministry of Civil Aviation by the Gosavianadzor a year ago. The situation has been practically unchanged since then. As before, aircraft are departing with inadequate preflight inspection and checkouts.

Generally speaking, judging by the Ministry of Civil Aviation's reaction to the various recommendations and suggestions from specialists concerned with flight safety matters, we can draw the conclusion that these recommendations are no more than empty words for the ministry. Although the statistics impassively attest to the fact that many disasters could have been avoided if specific errors had been taken into account in time. A simple example: the Tu-134 disaster in Syktyvkar in 1986 was caused by a fire in the tail section. According to the investigation results, the Ministry of Civil Aviation had been asked to take urgent steps to increase the fire protection of underfloor baggage holds on civil aircraft. In 4 years there was another Tu-134 disaster in Perovouralsk. The cause was the same: a fire in the baggage hold in the tail section.

Most accidents and disasters have been attributed automatically to unprofessional actions by the crew for a long time. They have "fenced in" pilots with a palisade of manuals so that in most cases, many crews think at the time of an accident not about how to save the passengers, but about the extent to which their actions are in accordance with the notorious manuals. This policy, which is absurd in many respects, has survived to this day. The Yak-42 disaster in Sverdlovsk (13 September 1990) is a recent example. Only at the last moment did the crew go around for another approach, knowing that the additional approach, or more precisely, exceeding the fuel limit, would reflect on them badly in the official logs afterward. The same situation occurred in 1989 when an An-24 crashed at the Sovetsk Airport—the only disaster in the entire year in which ordinary civil aircraft passengers were killed, incidentally. The same thing happened last year with an An-24 in Kazakhstan, and with another dozen aircraft.

I realize that economy, particularly of fuel, is extremely important today (it is enough to think of the current state of affairs at many of the country's airports, where all flights without exception have been canceled because of the fuel shortage). But you must admit that there are sensible limits for everything. The situation in many regional civil aviation administrations has already reached the point that numerous structures of emergency rescue services and firefighting detachments are being cut back for considerations of economy (cost accounting, you know!). The logic is simple: accidents and disasters do not take place at the same airport very often...

And as a result, the searches for the site of an Mi-2 crash near Aktyubinsk continued for three days! A distress signal from another Mi-2 involved in a disaster over Vologda was received by an Austrian aircraft that had just passed not far away (search operations were begun three hours later). The distress signal from an Mi-8 over

Krasnoyarsk was received by a passing Belgian aircraft (search operations were begun after two hours).

If the situation continues this way, airplanes and helicopters will have to make forced landings and crash (God forbid, of course) somewhere near a hospital. In order not to make searches by the emergency rescue service difficult.

Incidentally, a small nuance: the well-known satellite search and rescue system KOSPAS-SARSAT has not rescued one Soviet passenger in all the years of its existence. The reason: automatic buoys for this system, which begin operating right after an accident or crash, are not being installed on our domestic aircraft.

If we compare the total number of disasters in our country and the United States, there are 20 times more air crashes than we have. This significant difference is simply explained: we do not include crashes involving private aircraft in the total number. We simply have none. So far.

But when we do have (apparently this will be quite soon), the number of air disasters will increase by 15 to 20 times as much right away, in the unanimous view of specialists.

John (Enders), the president of the World Aviation Safety Fund, was in Moscow not long ago. He was asked at one of the meetings: "Do you think that Aeroflot can reach the level of Australian and American airlines, which are known for having a level of safety that is quite low?" "It would have been good to be concerned about this a little sooner, about 8 or 10 years ago," he answered without hesitation.

#### Postscript

A press conference devoted to results of the sector's work in 1990 was held not long ago at the Ministry of Civil Aviation. Regarding the question of flight safety, Deputy Minister of Civil Aviation A.M. Goryashko cited data for 1989 as indicators for 1990... We can only guess that either the ministry does not have newer data (which in itself is rather strange) or that these data spoil the overall picture of a "safe" Aeroflot.

#### Aviation Minister on New Technical Service Concern

914H0113A Moscow VOZDUSHNYY TRANSPORT  
in Russian No 10, Mar 91 pp 1-2

[Interview with B.Ye. Panyukov, minister of civil aviation, by V. Tamarin and V. Trubitsin: "A Concern Which Will Be Called 'Aviatekhservis' Is Chosen"]

[Text] As usual, reaction from our readers follows the regular discussion with the minister of civil aviation. V. Kondratkov from Kirov writes: "I read the last two discussions devoted to the transition to the market with considerable interest. This attention to the topic is completely justified, since the market is a dark forest for most of us."

And it is very good that the minister spoke simply and demonstratively about complex economic categories, as if he were reflecting one on one with the reader."

Let us take an excerpt from another letter, written by G. Starovoytov from Nalchik: "Statements by the senior officials of our ministry did not appear too infrequently in VOZDUSHNYY TRANSPORT in previous years, either. But their purpose was 'to aim,' 'to inspire,' and 'to mobilize.' But here the manager of the sector is having a candid discussion with all of us. To tell you the truth, I thought that the editorial staff would be limited to one discussion—either it would not have the opportunity itself or the minister would not be able to give up his precious time. In a word, everything would come down to the routine impractical appeals as before. This did not happen, fortunately. It is also good that the editorial staff and the minister are giving a sympathetic response to the letters that are received, judging from everything. For example, unemployment was not discussed very specifically in the first article, and one of the readers noted: 'Why are you getting away from an honest discussion?' And the next time it was very gratifying to read a continuation of the discussion on the complex situation in the sector and the methods of resolving critical problems."

Well, such responses are very gratifying, and for that reason, the editorial staff will continue to take what makes an impression on our readers as the basis for discussions: an honest airing of the problems and ways of resolving them, a strict analysis of affairs, and finally, a forecast of events. And a forecast based not on good wishes, but a systematic approach to one phenomenon or another.

And finally. Our readers remind us that there should be no discrimination in discussions with the minister, that is, there should be no preference given to the concerns and needs of those in one vocation or another. Recent mail has shown that most of the letters are coming from our engineers, aviation technicians, and aviation repair enterprises.

[Tamarin, Trubitsin] For this reason, Boris Yegorovich, we would like to begin this discussion with a letter from L. Kulikov, an aviation technician at the Sverdlovsk Aviation Enterprise: "Please ask the minister why the Aeronautical Engineering Service is engaged in patching up a tattered caftan: are engines being transferred from one aircraft to another to conceal the schedule somehow? This way, two defective ones are turned into one in good working order. We were told at one time that engines are needed much more for our Air Forces. But now the peace initiatives take effect with every step; the conversion seems to be in full swing. But our aircraft maintenance base is feeling no results of it yet. I don't think it is any better at other aviation enterprises. Is the time not far off when civil aircraft will stop flying altogether?" The letter from engineer V. Grinkevich from Minsk is on the same subject, by the way.

[Panyukov] No one will give us this right.

[Tamarin, Trubitsin] But there are no miracles on earth. In one of the previous discussions you said yourself that civil aviation's fleet of aircraft has not been brought up to date in 15 years. But we do not have enough money to buy the Boeings and Airbuses. That is, while any equipment could have been allocated for one aviation enterprise or another from the ministry's centralized funds before, what will the airlines have to do? No matter how much respect we have for the management of "Bashkir Airlines," for example, where are they to get the money for new aircraft? You may tell us: you must get to the point that aircraft are not standing idle on the ground, but flying a little more. In other words, we are sliding once again toward the appeals to reduce the times for repair and maintenance. But this is not the first decade that these appeals have been heard.

[Panyukov] It is better that we discuss the market. With a skillful approach and vigorous actions, it will provide (or should provide) the opportunity to get out of the situation. What is the market as applied to the Aeronautical Engineering Service? It purchases "raw material," so to speak—the depleted service life of an aircraft—in the market. According to many estimates, several hundred aircraft are to be written off and turned into scrap in the next five-year plan, and far less are expected from the plants of industry. But the market will force us to turn our attention to what we previously regarded as ill-considered and wasteful. That is, to the principal commodity of the Aeronautical Engineering Service—the service life.

[Tamarin, Trubitsin] That is, you mean maintaining aviation equipment in accordance with its technical condition. But this subject has been discussed for a long time...

[Panyukov] There would have been even more discussion if economic methods of management had not been introduced. More simply stated, if certain abstract state property, and consequently, property belonging to no one, had begun to belong to specific persons. How would a normal person act when some spare part, unit, or assembly is written off? He would carefully study what technological processes could restore their consumption properties, what processes he has at his disposal, and determine if this spare part, unit or assembly can be renovated and continue in service reliably. This is what our Aeronautical Engineering Service, together with the scientists, has concluded by conducting extensive research: the strength capabilities and features of aviation equipment which has completed its assigned service life still have considerable potential.

[Tamarin, Trubitsin] But this could have been done more or less easily under the conditions in which funds were centralized, as in previous years. But what is to happen if airlines begin cropping up like mushrooms after a rain and have economic independence?

[Panyukov] There is nothing strange about this. If an airline wants to update its aircraft, it will lay out the



money. This will not always be within one airline's capability, but I think a bank may offer its services; it will be able to finance the renovation and an airliner may continue to fly.

[Tamarin, Trubitsin] That is, you want to say that the Aeronautical Engineering Service should operate in a centralized fashion under the new conditions?

[Panyukov] Absolutely correct. We must organize a reliable system for maintaining and repairing any aircraft of any airline with the plant specialization that has already been developed; this will make it possible to ensure a level of quality in repairing aviation equipment. We should not forget that aviation is a form of transportation with greater hazards. No one will care which airline had an accident. The Aeronautical Engineering Service is concerned with a sphere of production where inspection and regulation are indispensable. I would also call this the consumers' protection from the producer. But in order to achieve this, **in order to meet the need of all our airlines for maintenance and repair of high quality, we must establish a state concern.** The concept for this has already been worked out.

[Tamarin, Trubitsin] Boris Yegorovich, we have had a vast number of plans, programs, concepts, and similar documents in the past and we still have them. Regardless of their objectives, these documents have had one common feature: none of them have been carried out, as a rule. Without attempting to cast aspersions on the concept for organizing the Aeronautical Engineering Service under the new conditions, we would like to ask how this is carried out in other countries.

[Panyukov] Just as we are planning it, taking into account the experience of leading airlines. In other countries, the concerns conduct aircraft maintenance and repair throughout the world. The experience of the European "Atlas" consortium, which has set up a completely centralized, strictly controlled, and efficient TOiR [maintenance and repair] system for all participating airlines, is quite typical.

[Tamarin, Trubitsin] So in the first stage, the concern will be established on the base of civil aviation plants?

[Panyukov] Yes. The sequence in developing the "Aviatekhservis" Concern is as follows. It will be based on aviation repair plants and follow the principle of "establishing equal conditions to meet the aircraft repair needs of all civil aviation airlines." Elementary economic sense pushes them toward their association in a concern. Imagine what it is like to order a wing or landing gear for an Il-86 aircraft. We had a case at one aviation repair plant in which an aircraft stood idle for one year (!) waiting for landing gear from industry, and another Il-86 even waited 400 days. This can happen at every turn if our plants are disunited.

Or another example. We now want to make use of foreign engines, each of which costs \$4 million, but \$6 million altogether with its connections. How will we

keep property such as this locked up? For that reason the most efficient solution is to organize a centralized supply organ in the concern. Something like our "Aviatekhsnab" [aviation technical equipment supply office]. The same applies to science; it should resolve problems for the entire concern, but not for each individual plant. There should also be a common data bank for each specific aircraft which an airline has flown. Then the aviation repair plant will know exactly when one aircraft or another should come in for repair and which spare parts or assemblies are needed.

[Tamarin, Trubitsin] All this is tempting, Boris Yegorovich, but how do the directors and collectives of the plants view the idea of establishing a concern?

[Panyukov] We held conferences with the plant directors and it turned out that not everyone had a clear reaction. The founding conference summed up the results on this question. Eighteen of the 20 plants became founders.

But the managers of civil aviation associations, which bear responsibility for organizing transportation and providing for flight safety and regularity, should choose the organizational forms to do this more efficiently. If they avail themselves of the concern's services, their aircraft will spend less time standing idle in maintenance and repair. So the aircraft will be able to fly more.

[Tamarin, Trubitsin] Boris Yegorovich, the "maintenance and repair" concept is inseparable in principle. But if the aircraft maintenance base continues to be part of the flight and technical complex (or the airline, as it is now customary to say), won't there be a certain amount of confusion? And the good intentions are not realized...

[Panyukov] We are already aware of the drawbacks in this order of things. I will give an example. Crews of the Far Eastern Air Corporation and the Domodedovo Production Association are flying from Khabarovsk to Moscow. The Aeronautical Engineering Service of the Khabarovsk Aviation Enterprise readies "its" aircraft much more expeditiously than the Moscow aircraft. The Domodedovo employees pay the Khabarovsk employees the same amount of money. In many respects this is explained by the fact that aircraft maintenance bases operate by not relying as much on the economic mechanism: the ATB's [aircraft maintenance bases] simply receive a specific share of the deductions from the profit of the entire aviation enterprise.

Another path which the aircraft maintenance bases (mainly the large ones) can follow is to enter into a cooperative relationship with aviation repair plants. This is one of the directions in the second stage of the concern's development. Strictly speaking, processes such as these are already under way in Alma-Ata, Kiev, Leningrad, and those points of heavy traffic where the Il-86 aircraft are based.

[Tamarin, Trubitsin] But quality may be lost in the pursuit of aircraft with depleted service lives, which is absolutely intolerable.

[Panyukov] We regard as inconceivable the idea that increasing repair volume will be achieved at the cost of failure to perform procedures and operations on aircraft ordered by regulatory documents and at the cost of simplifying verification of their full implementation and quality and a reduction in flight safety as a whole. The problem should be resolved by improving the organization of repair operations and their management, by improving the material and technical support for production, and by developing the production base. Think of it: not one aviation repair plant or aircraft maintenance base has been certified. But in other countries, if an aircraft that has been certified in an excellent manner undergoes maintenance or repair at an uncertified facility, the state authorities concerned simply will not allow it to take off. The certification of IAS [Aeronautical Engineering Service] facilities and the maintenance and repair processes and the planning and coordination of these operations is provided for in the concept for developing the Aeronautical Engineering Service. That is, the development of standards in the field of engineering support for flights is incompatible with any independent action.

[Tamarin, Trubitsin] Now this question, Boris Yegorovich: by establishing a concern, won't we be breeding the monopolism which we don't know how to get rid of?

[Panyukov] Within the framework of the concern, all enterprises maintain their independence, including in choosing the ways of developing and establishing contract relationships with a client. Even now, in planning repair, the client himself can select one aviation repair plant or another.

[Tamarin, Trubitsin] In referring to the survival rate of aviation enterprises under the conditions of market relationships in one of our previous conversations, you mentioned the economic conditions in which it would be more suitable for an aviation repair plant to repair helicopters than to repair and assemble motor vehicles. All the same, aviation repair workers will not reach the heights of automotive manufacturing.

[Panyukov] That is true. A situation has now developed in which operations enterprises and aviation repair plants have no common economic interest. For the former, the maximum service life between overhauls has economic value. For the latter, the number of repaired airplanes, helicopters, or engines, regardless of the service life established for them, is what is important. The solution is to change the pricing for repair, that is, to develop a system in which the repair plants are concerned with what happens to the items which come out of repair, the maximum service life between overhauls, and extension of the predetermined service life. The basis of the new pricing mechanism will be the establishment of a separate service life between overhauls for each item that is repaired, both within the predetermined service life and beyond it.

[Tamarin, Trubitsin] And finally, the last question which is worrying our letter writers. Briefly, it comes down to this. The Ministry of Civil Aviation, the trade union, and the enterprise itself have been providing for the social protection and living conditions of employees in the Aeronautical Engineering Service until now. With the ministry's shift to the market and its release from the functions of economic management, it loses the social funds as well. The Aviation Workers Trade Union is being radically transformed and the prospects for IAS workers are not fully clear yet. The civil aviation plants are leaving the centralized structures, which is seriously reducing their abilities to meet the employees' social needs. What can the IAS employees hope for and count on in the near future and later on?

[Panyukov] Under the conditions which are taking shape, perhaps one of the most important sources for meeting social needs will be part of the enterprises' profit. So the objective is to increase it as much as possible. I can predict with considerable confidence that the profit of enterprises participating in the "Aviatekhservis" Concern will be higher than that acquired by those enterprises that remain by themselves. First of all, the concern will be able to grant preferences and privileges and provide various services. Secondly, its volume will continue to increase and its production cost will decrease through specialization and cooperative activity. In addition, it will be able to skillfully utilize the credit privileges granted by the bank. In short, the concern will have to resolve without fail—and resolve successfully—the principal social problem: to ensure that its employees and their families have the standard of living they deserve. There is no other choice.

[Tamarin, Trubitsin] Thank you for the conversation.

## Il-108 Business Jet Production Noted

914H0116A Moscow VOZDUSHNYY TRANSPORT  
in Russian No 10, Mar 91 p 12

[Interview with Yu.A. Yegorov, lead designer of the OKB [Experimental Design Bureau] imeni S. Ilyushin, by VOZDUSHNYY TRANSPORT correspondent V. Dubovoy: "A New Ilyushin Aircraft"]

[Text] At the request of our readers, VOZDUSHNYY TRANSPORT is continuing its discussion on business and executive aircraft. Today we talk with Yu. Yegorov, lead designer at the OKB imeni S. Ilyushin.

[Dubovoy] Yuriy Aleksandrovich, doesn't it seem to you that the "business and executive" concept is somewhat vague?

[Yegorov] This may be interpreted as either a president's aircraft or an aircraft with six or seven seats which has good performance and technical features, of course.

[Dubovoy] The speed, compactness, and economy of an ASS [business and executive aircraft] were demonstrated at the exhibition last year in Farnborough...

[Yegorov] The possibility of developing them on the basis of existing mainline aircraft was discussed there. For example, the BAe I-II 2400 with the new Rolls-Royce ("Tey") 650 engines. Or the BAe-125 family and the Dassault "Falcon" and the SL-600 "Challenger." The new-generation aircraft are being developed with more improved engines and wings with supercritical profiles, digital equipment, and so forth. The Beechcraft "Beechjet," the Gulfstream-4, the Cessna "Citation," and others, for example.

We also familiarized ourselves with business and executive aircraft which have new design solutions (the Beechcraft "Starship," a canard aircraft) at Farnborough...

[Dubovoy] In analyzing the results of the exhibition and the status of domestic civil aviation today, what conclusion have you arrived at?

[Yegorov] It is obvious. The future lies not only with mainline aircraft, but business and executive aircraft as well. The warming of the world political climate and the expansion of business and other contacts—all this has an effect. After all, state officials, enterprise managers, and public figures are flying in the Yak-40, Tu-134, and An-24 aircraft as before. But they are too large to be used in a business and executive version. There is an excess of mass here, as well as excessive fuel consumption, passenger capacity, and so forth. And it is too expensive to use such an aircraft for an hour.

Incidentally, Genrikh Vasilyevich Novozhilov, our general designer, is probably one of the first persons in the Soviet Union to propose that a fleet of business and executive aircraft be developed. The Il-108, which seats nine to 15, was designed back in 1988 for this purpose. It is designed to fly to any point in our country with one intermediate landing. Its range will be no less than 5,000 kilometers. The Il-108 is designed for use in two basic versions: a business version with nine passenger seats in a cabin with maximum comfort which has provisions for the principal passenger to work in flight, and a 15-seat passenger version with standard tourist-class seats for scheduled operation on routes with small passenger flows. The crew consists of two pilots and a flight attendant. Two DV-2 bypass engines with a takeoff thrust of 2,200 kilograms-force, developed under the leadership of General Designer V. Lotarev, are installed in the aircraft's tail section. Series production of them is being developed in Czechoslovakia. The design provides the opportunity to increase the amount of bypass and thrust and reduce the specific fuel consumption in cruise flight.

The mass of an equipped Il-108 with DV-2 engines in the configurations indicated is equivalent to 7,500 kg, but the takeoff mass is 14,300 kg. With this takeoff mass, operating from Class "V" airfields with a runway 1,800 meters long and carrying the maximum number of passengers, it has a range of 4,850 km and a cruising speed of 800 kilometers per hour at an altitude of 12,000 meters. At the same time, the fuel consumption per

passenger-kilometer is 61 grams. This fuel efficiency is higher than that of foreign aircraft in this class...

### Omsk to Build An-74

914H0116B Moscow VOZDUSHNYY TRANSPORT  
in Russian No 10, Mar 91 p 12

[Report by VOZDUSHNYY TRANSPORT special correspondent R. Ziangirova: "The Conversion Is Calling the Tune: The Government of the USSR has Made the Decision to Manufacture the An-74 Aircraft in Omsk"]

[Text] Omsk—The last aircraft turned out in this Siberian city was the Tu-104 in 1959. Then there was a long interval during which the interests of the country's defense were given priority.

And now, after over 30 years, when the new concept of "conversion" has come into our lives, the Omsk "Polet" production Association—one of the largest enterprises in the Siberian region—is getting ready to begin production of another airliner for civil aviation.

No, everything has not been as simple as it may appear at first glance. In order to acquire the right to manufacture the An-74, the association's management had to exert considerable effort: by defending its idea in Moscow and bringing about coordinated actions with the Ministry of General Machine Building and the Ministry of the Aviation Industry. Its efforts were crowned with success: production of an aircraft which is in demand will begin in Omsk. In conformity with the government decision, the association will be allocated capital investments of 220 million rubles, 96 million of which will be for construction and installation operations, over the next five years.

Let us point out that the new aircraft is a modification of the An-72. The An-74 is designed for scientific research work and transport operations in the Arctic and Antarctic. When necessary, the An-74 can be reequipped as a cargo or ambulance version. One of its advantages is that it does not require well-equipped airfields. It is planned to turn out the first aircraft—its cost is estimated at several million rubles—in 1993. But for this to become a reality, the "Polet" Production Association will have a great deal to be concerned about: it will have to complete construction of several buildings and put them into use and readapt the production which already exists. In addition, the association will have a cooperative arrangement with aviation plants in Kharkov and Arsenyev. It will be sending individual units and assemblies there at first; to the extent that they are put into production, it will receive several parts in return which the "Polet" Association does not manufacture.

The Omsk developers of the new aircraft are worried today about the irregular deliveries or their complete or partial discontinuation. After all, there are dozens of enterprises among the suppliers. They see the following solution: there are over a dozen enterprises capable of taking part in the aircraft's manufacture in the city on

the Irtysh River. Engines, instruments, hydraulic components, tires, and various plastic parts—all these are being turned out in Omsk. So in the future, we can confidently call the An-74 a Siberian creation.

But after all, the word "conversion" has led to anxiety and fear for many quite recently... The collective of the Omsk "Polet" Association has even been faced with the real threat of unemployment, for example.

But now, when all the fears are behind them, another problem has emerged at the enterprise: they need workers. One would think that they will be found. After all, the "Polet" Association is one of the few enterprises in Omsk which has completely fulfilled its annual program for commissioning housing.

In a word, the decision to manufacture the aircraft has breathed new life into the enterprise. Although it is not the only thing. The founding documents to create a joint venture with the French (Thomson) firm were signed last November. Its plans include the production of 300,000 automatic washing machines and 750,000 electric motors for household appliances annually. So as we see, the conversion is calling the tune. We want to believe that it is a tune of success.

## RAIL SYSTEMS

### Rail Conference Discusses Stations' Operational Activities

914H0117A Moscow GUDOK in Russian  
1 Mar 91 pp 1-2

[Article by V. Chibisov: "It Is Necessary To Be a Businessman"]

[Text] As we have already reported, a network meeting of station chiefs was held on 12 February in the Ministry of Railways. Members of the Ministry of Railways Collegium, leaders of the Independent Trade Union of Railroad Workers and Transport Builders Central Committee and branch scientific representatives participated in it.

N. Konarev, the minister of railways, opened the meeting. A. Sidenko, a deputy minister and chief of the Transport Main Administration, presented the main report—an analysis of the stations' operational activities.

Very likely, no one thought that transport would almost be in a crisis condition at the end of the five-year plan. Today, urgent measures are required to patch the financial holes.

The disruption of the former economic ties between the branches and regions of the country caused a malfunction in the transportation of goods in 1989: at the time, the debt was approximately 28 million tons. The situation was even more complicated last year because of the economy's imbalance. This year has not brought any relief. For example, the shipping volume was reduced by

25 percent in January on the Moscow Railroad alone. Locomotive crews have been forced to stand in line for three days at several of the mainline's depots in order to get a freight train. A similar situation also exists on the other railroads.

There is yet another reason for transport's financial difficulties—the introduction of increased wholesale and contract prices for material, fuel and energy. This has entailed an increase in operating expenses. Whereas a VL11 electric locomotive previously cost 323,000 rubles, the suppliers now demand 1.5 million for it.

Of course, all of this has affected the material well-being of collectives. Railroad workers unexpectedly found themselves almost in the category of the lowest paid workers. The loss of personnel comes from this—experienced specialists and representatives of the leading professions, whose training requires more than a year, are leaving transport. Let us recall the words of an engineer at the motor coach depot of Aprelevka on the Moscow Railroad: "We are forced to remove electric trains from trips because of the shortage of engineers and assistants." Similar examples can be found without difficulty in any transport subunit....

More than 600 station directors—the main link in organizing the transport process—met in a difficult situation. How can one survive under the conditions of the market relations that are starting up when one cannot count on state subsidies? To preserve the collectives and this means to insure the uninterrupted operation of the railroads—this was the main idea of the conference.

In order to make both ends meet somehow, the Ministry of Railways was forced to submit to the country's government a request to raise tariffs on freight and passenger transport. However, even this measure was insufficient. You see, even with a 25-percent increase in the tariff for delivering freight, the deficit on the branch's balance-sheet was still more than 6.3 billion rubles. The 70-percent increase in the cost of a trip on a passenger train only permits the unprofitability of this traffic, which today stands at more than two billion rubles, to be eliminated.

Both the railroads and their subunits, including the stations, must rely on their own forces. First of all, one must look for freight, build up shipping volumes and organize labor more rationally so as to avoid unnecessary expenses. There are reserves here—and not a few. Last year, the railroads paid their customers 390 million rubles in fines for the untimely delivery of freight.

Can this be avoided? Without a doubt. Here is only one example: the dispatching of rolling stock in a circle has become a parable for movement personnel. More than 2.25 million railcars departed during the year without the permission of the Ministry of Railways but with a digression from the movement schedule. A total of 160 locomotives and more than 750 locomotive crews were required each day for their movement. The expenses exceeded 165 million rubles.



I think that each of the station directors who spoke (and there were approximately 50) shared their experiences not only in the organization of work but also in commercial activity and the obtaining of the additional income which the situation forces one to look for. Here are included contract tariffs for transporting freight within the limits of a division, increasing the list of services for clients, establishing different production facilities, producing consumer goods, etc.

... The Moscow Railroad's Bekasov Marshalling Station. For years, the largest factory on the routes developed its track facilities at a rapid rate and equipped itself with technical systems. Now, in the words of A. Korsakov, its director, part of the tracks and machinery have become free due to the drop in freight traffic. At the same time, the railroad's Moscow-Smolensk Division is constantly experiencing difficulties in transporting local freight. At the time, the station personnel assumed the obligation to form combined trains on a contract basis. Both they and the division won. The Bekasov people now want to offer similar services to their neighboring division. In addition, they are helping their customers in the loading of rolling stock.

Incidentally, the list of contract tariffs and duties, which a station director can use, is rather long: the allocation of railcars and containers to shippers and recipients above the plan, their readdressing, loading and unloading operations, storage, weighing of freight, forwarding operations, etc.

The directors said:

**V. Velichko, chief of the West Siberian's Inskaya Station:**

We have established a small enterprise (the founder is the station). We are engaged in drawing up documents for our customers, we look for and readdress freight, we repair sidings, etc. The prices are contract ones. For example, the drawing up of documents for one railcar costs 50 rubles. The customers are willingly to pay this.

**V. Demidenko, chief of the North Caucasus' Rostov Freight station:**

In order to retain people and interest them in high earnings, we have set up a shop to produce plastic and rubber motor vehicle items. Last year, one million rubles of goods were sold. The net profit was 300,000—we used it to increase wages and solve other social questions.

We built an asphalt concrete plant at the North Caucasus' Zapadnyy Station and we are producing slag concrete slabs. The income was 196,000 rubles last year.

Several directors are leasing premises and territory. For example, the Kazan station received 40,000 rubles in income from leasing premises to a cooperative for the sewing of fur items.

The search for nontraditional sources of income is truly unlimited. The presentation by V. Petrov, the chief of the Vologda board of directors for freight shipments,

evoked interest during the conference. A structural subunit, which united all the division's freight workers, appeared here last year. It is an independent enterprise. The Vologda workers are now establishing horizontal ties on a contract basis with other railroad and division subunits more easily and reliably. The mutual relations of the movement people and locomotive crews have been improved significantly.... An independent enterprise, which includes all close by line stations, has also been formed at the Karashi railroad hub....

At one time, the conference moved somewhat into a different channel. It even occurred to me: Were not agronomists and livestock experts assembled in the hall? An agricultural subject sounded from the podium—yes, and such a type of activity as the development of the subsidiary farms that are characteristic of station collectives today. Additional products are one of the ways to attach personnel under the conditions of the present shortage of products.

A. Silantyev, chief of the Gorkiy's Seyma Station talked about the fact that their concern for subsidiary farms had become the task of each worker. They themselves prepare fodder for the cattle and pigs. Last year, they received 15 tons of meat and 8.5 tons of sausage. The products are sold to the station workers at state prices. This is quite a bit of help to the families. That is why they keep people here.

In a word, the area for receiving additional income is not limited. The main thing is that the business undertakings be based on and within the limits of the law.

The conference participants directed quite a few recommendations to the branch staff for improving the management structure and the mutual relations between the divisions and railroads, changing the indicator system for accounts and financial support, etc. Here is one of them that was expressed by V. Rokhmanko, the chief of the Belorussian's Baranovich Station:

It is time to replace the "Empty Railcar" indicator with a fee for a transit and a local railcar. The station will be more interested in their rapid movement. The conclusion of direct contracts between cost accounting stations and their clients could be an additional source of income. The dues coming from this (for supplying and gathering railcars, storing freight, and shunting operations) could be transferred directly to their accounts through the stations' freight offices, bypassing the division. This intervening link is not needed. We had 1.1 million rubles of these collections during 1990. The income received was used to expand the social base, construct housing, establish social security funds, etc.

All of the recommendations and work experience of the best collectives under the new economic conditions are being processed and summarized in the Ministry of Railways in order to disseminate them broadly on the network later....



The main thing, today, is that the station worker and any railroad worker think that he is not simply a transporter of freight and passengers. He must be a competent owner of a business. These are the circumstances in which transport finds itself. Alas, one can still not hope for help from others.

### **Krasnoyarsk Area Rail Volume, Sorting Yard Construction Addressed**

914H0121A Moscow GUDOK in Russian 22 Feb 91 p 2

[Article by V. Kustov, GUDOK correspondent: "A Lengthy Construction Project Based on a Classic Plan"]

[Text] On the approaches to Krasnoyarsk from the eastern side, a large sorting station is being constructed. It has long been urgently needed. The old one can no longer cope with its tasks. It is among the 100 most crucial stations in importance, but with respect to capacity and equipment, it cannot be compared with the others.... Nizhniy Novgorod, for example, processes several-fold more railcars.

Krasnoyarsk has a low-capacity hump, the number of tracks is half that of the number assigned by the plan for formation, and the station has nowhere to grow. Located in the center of the city, it does not lend itself to the development of passenger, particularly suburban, traffic, has a ruinous effect on ecology and, finally, is unsafe, since among its freight loads are some that could lead to trouble if handled carelessly.

The Krasnoyarsk-Eastern is solving all these problems with one stroke. The station will classify and send the railcars past the city along a by-pass track, which already exists, and will improve the ecological situation, increase passenger flow and make it possible to process more local freight. Idle times will be reduced, and it will become possible to receive and dispatch 24-car trains. I am saying all this to anyone who is skeptical about the actual fact of constructing the Eastern: they say we are once again verging on megalomania, and are burying millions.

Let it be known to the doubters that the ratio of the number of station tracks to the operational length of the network in our country is much less than it is abroad. There should be a classifying system every 300-400 kilometers.

In general—the station is necessary, and it is being constructed, and it is one of the most important links in the program, approved by the USSR government, for technical development of the Krasnoyarsk Road. The project follows a classic plan: the yards receiving, classifying and dispatching cars are arranged in sequence. In addition to them, it specifies the base of a track subdivision, a locomotive and car service system, a communications house and other facilities, including apartment houses.

The Sibgiprotrans Institute issued the basic planning designs at the end of the 1970's. As often happens in our country, however, it is a long, long way from the drawing board to the stake. Time has passed, and the construction has not developed. The plan has grown obsolete. It has proven impossible to squeeze into its framework everything new that has sprung up in means of automation and mechanization, and in different approaches. For example, the system of automated detachment of cars from the hump has proved to be beyond its limits.

The Sibgiprotrans Institute, having performed the basic volume of planning work, has lost interest in the Krasnoyarsk-Eastern, and is not solving the problems of correcting the documentation. Therefore, the station has grown obsolete in the technical sense, and has still not come into being. The first years of its life will obviously begin with rebuilding. Many systems will have to be updated and improved.

The trouble also lies in the fact that it is very difficult to carry out the obsolete plan. There are masses of problems here. It is simply beyond the power of the road, as the buyer, to surmount many of them.

One of the main culprits in the lengthy construction project (the project was begun in 1982) is the Krasnoyarsktransstroy Trust, headed by V. Yakushin. In all the years, the trust has only once fulfilled the plan for construction-installation work—in 1986. In all the rest, right up to last year, it has coped with scarcely more than half of that specified by the title sheet. Last year the plan was taken on condition that the road utilize one million rubles as a subcontractor.

What is the reason? The management of the trust pleads a shortage of materials. Of course, metal and reinforced concrete are not lying around right now. It is not only because of this, however, that the construction of a track base, railcar PTO [technical inspection center], railcar repair center, regional network building, boiler house and other extremely important facilities is lagging behind today.

The point is that Krasnoyarsktransstroy, which was created for transport construction, is conforming less and less to its purpose, even though it should use half of its capacities for the railroad. In reality, it has turned into a sporadic purchaser for it, to which no preference is in any way given. While formerly the trust did 13 million worth of work a year, this has now dropped by over half. Orders are accepted extremely unwillingly, many with haggling, and simplified versions are sought. Wherever possible, it seeks to work less, earn more and skim the cream off. It is not surprising that, quite often, it enters into the role of contractor for purchasers who have nothing to do with transport—at the TsUKS [Central Administration for Capital Construction] of the gorspolkom, at an excavator plant and in the Krasnoyarskugol Association.

On this soil, strained relations long ago grew up between the railroad and the trust, and are dragging on through

the years, not, of course, to the benefit of the matter. No matter how much the railroad insisted, no matter how much the directors brawled with Yakushin, he deliberately brought about lower work volumes. It is, to a considerable extent, only because of this that the station which should already have been finished, has still not come to life, and the deadlines for completing the construction are constantly postponed.

The latest one is designated as 1993. It is in real danger, however, of being broken. In two years, 15 million rubles are to be utilized, and once again, the volume taken is less than was determined. If the deadline is not met—the financing will cease, and kindly complete the rest yourselves, as best you can: Promstroybank does not believe in tears.

It is not only the intractable Yakushin and his crew that give rise to doubts about the successful outcome of the Krasnoyarsk-Eastern affair. Those who should be interested in this very important construction project are also, voluntarily or involuntarily, tripping it up: the Ministry of Railways, in the person of the Main Administration of Transportation.

In 1990 the road planned to introduce a transit yard, ETs [electric interlocking] and a number of other objects. The main administration and the Soyuzzheldororavtomatizatsiya Scientific-Production Association did not include supplies of the equipment in the plan. It began to arrive only in the fourth quarter. For this reason alone, the introduction of the planned objects will stretch out for another year.

The main administration and the scientific-production association are even now showing their extreme inability to work at full swing. Once again, equipment for the hump was not included in the plan, although the building for the hump post was built a long time ago. No one knows when the hump will be introduced. Alarmed by this attitude toward the construction, V. Boldyrev, chief engineer of the Krasnoyarsk, had many talks with the ministry on this subject. He sent telegrams. The answer was: "We are deciding, we are deciding!" As can be seen, however, no one is getting ready to decide anything. It is hard to understand what guides the comrades from the Main Administration of Transportation.

Finally, an objective brake on the construction of the Krasnoyarsk-Eastern is, in some respects, the actual service of the buyer, in the person of P. Lezhnev, chief engineer of the transport service, the chief of the technical department, and one or two engineers who are not coping with their duties on the construction project.

There are two reasons for their failure to cope. In the first place, Lezhnev and his assistants have a poor understanding of construction matters, and that is natural—they are in the wrong profession. In the second place, these people have other work of their own, entailing business trips, during which the troubles of the Krasnoyarsk-Eastern are put off until later, and they regularly

fail to manage to prepare the documentation for opening the financing, and to order equipment.

"We miss the deadlines, and then we beg from the road suppliers, now a transformer and now something else," P. Lezhnev confesses. "When the road was created, the service shuttled three or four objects, and now there are 10 or 12 of them a year. The Krasnoyarsk-Eastern alone is worth 10 million. You try to manage."

The existence of the road's department of capital construction, which is also coming forth in the role of buyer, is not improving matters, but is only hindering the fulfillment of the construction tasks, P. Lezhnev feels, but you cannot immediately name the one responsible for it.

The Krasnoyarsk Road, and indeed, not it alone, long ago came to the conclusion that the road needs a unified buyer, in the person of the OKS [Department of Capital Construction]. It should do everything. This problem must be solved for the entire network. Talks on reorganizing the capital construction service have been going on for a long time, but it is hardly possible to create a unified buyer service which would include the planners and experts as well.

For the time being, the Main Economic Administration is doing the planning in the ministry. The actual process of construction is the concern of the Main Administration of Capital Construction, and materials and equipment—of the Main Administration of Material and Technical Supply. If you make a unified buyer service on the road, it will have to extend to the entire network. Is there any sense in this? Obviously, before you unify below, you have to unify at the top. Only then can you count on a positive result. They say that there were attempts to unite. This form did not take root in the Ministry of Railways, however.

"I am absolutely convinced, though," says V. Boldyrev, chief engineer for the road, "that there is a future for it."

The future of the station being built at Krasnoyarsk-Eastern, however, is hazy. No one today has the courage to set the actual deadlines for launching, for 1993 is the product of wishful thinking, nothing more. Many of the sins of the construction project are typical in nature, and could have been foreseen and avoided, by taking prompt measures.

Lengthy construction projects arise, however, because we are not in the habit of learning bitter lessons from them. We have become accustomed to lengthy construction projects, and accept them as a phenomenon that goes without saying. The trouble begins when ordinary executives appear as the bearer of this psychology, and it is a double misfortune when it exists in the directors, on whom a great deal depends.

The rails have been laid at the Krasnoyarsk-Eastern. The trains only stop here, and go on without processing. It seems that they are already beginning to become accustomed to that.

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